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Turkey and Its Trade Problems (page 2)





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Turkey and Its Trade Problems

Large inflow of capital goods during 1951 gave hope of greater production in the future, but increased present trade deficit.

by G. F. G. Hughes
Commercial Secretary and Consul

ISTANBUL—Good weather conditions, further assistance under ECA, and a steady demand for the country's products sparked Turkey's economic advance during 1951. Production of cereals, cotton and sugar reached new highs. Chrome ore, coal, pig iron and copper showed encouraging increases. Imports and exports both rose and so, in its turn, did the trade deficit.

Marshall Aid

During the ECA fiscal year, July 1950 to June 1951, Turkey was allotted a total of \$45 million as direct aid. The General Economic Program accounted for \$37.2 million and the Material Defence Assistance Program for \$7.8 million. In addition, Turkey was granted an initial credit position of \$25 million in the European Payments Union, which brought the total aid for the year to \$70 million. It is reported that, for the 1951-52 fiscal year, Turkey will receive a similar amount. So far \$22 million has already been given in the form of special assistance to meet European Payments Union deficits incurred between July and September 1951.

The year 1951 was the first really to feel the benefit of Marshall Aid. In 1949 and 1950, equipment was coming in and finding its way to the construction site or to the user, but was not in full operation. Under the liberalized trading conditions with other countries of the European Payments Union, exports poured into Turkey at an unprecedented rate. But these vast quantities of equipment and machines for agricultural improvement, road transport, road building, industries, port improvement and mine mechanization have brought problems of internal finance and underlined the necessity for trained operating and maintenance personnel. Eventually, of course, all this equipment should improve production, lower costs, step up export and, with care, mean a positive trade balance in years to come.

Business conditions within the country continue favourable, the liberalization of 60 per cent of the imports from EPU countries producing a noticeable increase in consumer goods. Although by mid-1951 there was evidence of buyer resistance, the exceptionally good cereal harvest and cotton crop put more money into the hands of the peasants and restored buoyancy to the market by the year's end.

* Turkish lira=3504 cents Canadian, approx.

In the international economic field, the signs are not so favourable. Although Turkey's position in EPU at the beginning of 1951 was that of creditor, her status deteriorated during the months up to September. Instead of improving from then on (as is normally the case when the export season starts) all months except November showed a deficit account. At the end of January 1952, the cumulative debit position with EPU had reached \$104.7 million.

This condition is being watched by the Turkish authorities who, although denying any move to alter the policy of trade liberalization with EPU, have introduced certain changes in the foreign trade regime. These will enable a closer watch to be kept on the use of foreign exchange for less essential commodities. The trade deficit in 1951 is similar in its basis to that of Canada. Both countries are expanding rapidly and need a large inflow of capital goods not immediately compensated by increased production. Unlike Canada, Turkey is not meeting her current payments problem by an inflow of investment capital from abroad.

Imports and Exports

The principal feature of Turkey's foreign trade during 1951 was the relative rise in imports as compared with exports, resulting in an overall trading deficit of T.L.234.1 million,* nearly four times the deficit for 1950. This condition is serious but not as serious as it seems at first glance. The EPU trade liberalization scheme undoubtedly accounted for a large part of the 40 per cent increase in imports over 1950. The vast capital goods import program, however, was also an important contributing factor.

The value of exports, up 20 per cent, would have been higher if it had been possible to sell the total cotton crop—some 40 per cent greater than the previous year. By the end of March 1952 large quantities of cotton, sultanas and filberts remained unsold and there was considerable disquiet in the market. However, as May drew to a close, it was apparent that unsold sultanas and filberts would not be a problem this year, but the surplus of cotton would continue to cause anxiety.

In general the 1951 pattern of trade resembled that of 1950. Most significant was the fact that Germany is becoming more firmly entrenched both as a supplier and as a customer, maintaining her position as the most important customer and supplanting the United States as the leading supplier—despite the vast quantities of U.S. goods supplied under the ECA program. Here are percentages showing the distribution of Turkish exports by countries in 1951, compared with 1950:

Turkish tobacco is strung up to cure in the sun at Samsun, on the Black Sea coast. Samsun and Izmir (the former Smyrna) are the two main tobacco centres.—Turkish Information Service.



Country	1951	1950
Western Germany	26.6 per cent	21.2 per cent
United States	21.4 " "	16.9 " "
United Kingdom	8.3 " "	14 " "
France	6.6 " "	4.3 " "
Italy	4.2 " "	5.5 " "
Czechoslovakia	3.8 " "	3.9 " "
Egypt	2.6 " "	2.2 " "

The remaining 24 per cent was made up of exports to 11 countries, including Canada (0.9 per cent compared with 0.6 per cent in 1950). Total export trade stood at 873,438 million Turkish liras, compared with 737,587 million in 1950.

Very important too was the fact that, whereas the United States supplied 24.5 per cent of Turkey's imports in 1950, the corresponding figure for 1951 was 11.1 per cent. Despite a marked rise in dollar earnings from exports to the United States—from T.L.124 million in 1950 to T.L.187 million in 1951—there was no noticeable relaxation in the granting of dollar import licences.

Dollar requirements for petroleum products and various invisibles such as debt servicing, insurance, banking, etc., are taking a larger and larger proportion of the country's dollar earnings.

The two tables below give the picture of Turkey's foreign trade by principal commodities:

Table I—Exports
(thousands of Turkish liras)

Commodity	1951		1950	
	Value	%	Value	%
Cotton	216,695	24.7	195,925	26.6
Tobacco	187,606	21.3	170,786	23.2
Fruits	111,032	12.6	141,873	19.2
Cereals and grains and their products	76,032	8.6	18,158	2.5
Other common metals (mainly chrome)	52,559	6.0	33,536	4.5
Wool, hair (bristle) and their yarns ..	39,323	4.4	34,172	4.6
Copper and alloys	28,284	3.2	7,091	0.9
Vegetal products	25,040	2.9	19,895	2.7
Grains (seeds)	22,367	2.6	19,138	2.6
Livestock	21,317	2.4	23,968	3.2
Others	99,183	11.3	73,045	10.0
	879,438	100.0	737,587	100.0

Table II—Imports
(thousands of Turkish liras)

Commodity	1951		1950	
	Value	%	Value	%
Machinery	249,620	22.4	184,851	23.1
Iron and steel (all kinds)	112,088	10.1	97,782	12.2
Cotton textiles	94,231	8.4	49,444	6.2
Cars, trucks, buses, etc.	89,623	8.1	44,018	5.5
Fuels and mineral oils	86,077	7.8	58,728	7.3
Wool, hair (bristle) and their yarns..	51,356	4.6	27,075	3.4
Optical and technical instruments, apparatus and their parts	39,014	3.5	24,570	3.1
Rubber and rubber products	35,560	3.2	19,218	2.4
Alkalines	30,875	2.8	20,940	2.6
Coffee, cocoa, tea	30,037	2.7	22,506	2.8
Cotton yarn	25,449	2.2	13,622	1.7
Others	269,652	24.2	237,105	29.7
	1,113,582	100.0	799,859	100.0

A detailed report on Canada's trade with Turkey will appear in our next issue—Editor.

Australia Attacks Inflation

Increased income and company taxation and higher sales taxes constitute Australia's strategy against inflation.

by C. M. Croft
Commercial Counsellor for Canada

SYDNEY—The year 1951 saw Australia pass through a number of important economic phases. It began with high prices for most exports; with "full employment" and many thousand unfilled jobs; with an immigration policy under which nearly 175 thousand had arrived in 1950, and with shortages of many goods and services and an acute housing shortage. The inflationary trend, evident for some time, showed no sign of change. Indeed, the pressure tended to increase, with ample money and more people to compete for goods and services.

In the latter half of the year, trade and finance were conducted under somewhat different circumstances. Consumer buying slackened and stocks rose because of heavy imports. The atmosphere of business hesitancy became more pronounced and the long-prevailing buoyant conditions were replaced by a lower level of activity in some sections of business.

This change stemmed from developments taking place over a period. Probably the most important feature was the 1951 Budget, which was designed to curb inflation through increased direct taxation on incomes of both individuals and companies, sharp increases in sales tax (particularly on less essential commodities), and by endeavouring to provide a surplus by drawing off over £100 million of spending power.

The basic reasons for this inflationary trend were shortage of materials, insufficient labour despite the large number of immigrants, the development of lucrative industries producing less essential goods, and expanded incomes because of high export prices for wool and other primary commodities. Actual production increased in many lines but demand has expanded with a larger population and greater purchasing power.

Wholesale and Retail Prices

Wholesale prices continued to rise throughout 1951 and the price index for basic materials (metals and coal, oils, fats and waxes, textiles, chemicals, rubber and hides, and building materials) stood at 306 for September 1951 as compared with 100 for the three years ended June 1939. The index number for foodstuffs and tobacco was 281. During the fiscal year ended June 30, 1951, the wholesale price index rose by 27 per cent. The wholesale price index for September covering goods principally imported was 276, while that for goods principally produced in Australia was 299.

Retail prices did not rise as sharply because a measure of price control was still in effect. This is particularly true of rents, where the index for September was 1,091 (three years ended June 1939=1,000). The retail price index for the six capital cities, excluding Canberra, covering the "C" series (food and groceries, rent of four and five-roomed houses, clothing and miscellaneous) was 2,191. The sharpest increases were in clothing (3,463) and food and groceries (2,444). During the fiscal year ended June 30, 1951, the "C" series rose by 19 per cent.

Wages and Employment

The basic wage is determined quarterly by the "C" series price index, and thus the rise has continued. The average basic wage for the six capital cities under federal awards was £8/9/0 for the March quarter; £8/16/0 for the June quarter; £9/9/0 for the September quarter; and £10 for the December quarter. (These are minimum rates which must be paid to adult male employees under Commonwealth awards and do not represent the actual amounts paid in a majority of cases.) The latest figure on average weekly earnings is for the March quarter—£11·88 per week (as compared with the basic wage of £8·45). Australian employers, however, recently demanded (June 18, 1952) that basic wages be cut about £2 a week and hours raised to 44 a week to slow down the cost spiral.

Preliminary figures for September 1951 showed 2·6 million persons employed (excluding rural and domestic workers and defence forces) a decline of 6,300 from August, an all-time high. Some 909 thousand were employed in factories; 386 thousand in professional and personal services (including education, health, hotels and restaurants, and others); 329 thousand in transport and communication; 217 thousand in building and construction; 56 thousand in mining and quarrying; 247 thousand in retail trade; and 262 thousand in other commerce and finance. Only 392 persons were receiving unemployment benefits on the last Saturday in October 1951, the highest figure for the year being 1,190 at the end of March.

Anti-Inflationary Measures

The Commonwealth Treasurer, when he delivered his 1951-52 Budget speech, reviewed some of the causes and effects of the inflationary trend. He pointed out that inflation has serious results in addition to the rise in prices. In large part it is the cause of misdirected enterprise, of the shortages of critical materials, the ill-balanced distribution of labour, and the waste capacity that is hampering industry and construction. Economic trends abroad, he said, would mitigate inflationary pressure, but a determined effort was necessary to weather the storm which it had brewed.

The Government rejected the suggestion of price control because it felt that, even if all prices and costs were frozen, the basic situation would not be rectified and production might be set back. The growing demand for goods and investment demand for resources was being checked by such measures as the control of bank credit, the advance policy instructions issued to the trading banks, and the control of capital issues. The broad objective was to ensure that both long-term capital and working funds found their way into the more essential forms of enterprise and to achieve balanced private investment at an appropriate level.

The Budget provided for a total revenue for the year ending June 30, 1952, of £1,041,500,000. Expenditures were estimated at about £927,000,000, leaving an estimated surplus of £114,500,000.

Taxes Increased

Individual taxpayers were called on to pay a special levy equal to ten per cent of the assessed tax on previously existing rates; instalment deductions at the source from salaries and wages were increased by ten per cent as from November 1, 1951. Similarly, provisional tax and contribution on taxable incomes, other than salaries and wages, were increased.

The basis of company taxation was altered somewhat and the rate increased. Formerly public companies paid a primary rate of five shillings in the pound on the first £5,000 of taxable income and six shillings in the pound on the remainder. In addition, they paid supertax at the rate of one shilling on the excess of taxable income over £5,000 and a further tax at the rate of two shillings on that part of the income which was not distributed as dividends to shareholders. The new rate is seven shillings in the pound on the taxable income, and the supertax and undistributed income tax were abolished. However, public companies now pay a special levy at the rate of two shillings in the pound.

For private companies, the former rate of five shillings on the first £5,000 of taxable income was retained but the rate on taxable income over £5,000 was increased from six to seven shillings in the pound.

Provision was made by which all companies, both public and private, pay in the current fiscal year an advance payment to be credited against future tax liabilities. This advance payment for public companies equals ten per cent of the primary tax of seven shillings in the pound and the special levy of two shillings in the pound. Private companies are to pay ten per cent of the tax at the primary rate of five shillings in the pound on the first £5,000 and seven shillings in the pound on the remainder of taxable income.

A further budgetary check on inflation was the sharply increased rates of sales tax. The former general rate of $8\frac{1}{3}$ per cent which applied to most taxable goods was raised to $12\frac{1}{2}$ per cent, with higher rates on specified goods. These higher rates may be summarized briefly as follows:

20	per cent	.....	Automobiles, most confectionery, ice cream.
25	"	"	 Musical instruments and equipment and contraceptives.
33 $\frac{1}{3}$	"	"	 Ordinary watches and clocks; fountain pens and propelling pencils; travelling bags, briefcases, etc., handbags, purses and similar goods, baskets and hampers; yachts, launches for pleasure use; most sporting equipment, toys, games, fireworks, amusement equipment; gramophones and similar musical goods; radio sets, records, mouth organs and the like, cameras and like goods.
50	"	"	 Toilet and beauty preparations, powder compacts, puffs, etc.; safety razors and blades, shaving brushes and shaving sticks; soap, creams and the like.

66½ per cent Wide variety of jewellery and fancy goods; artificial flowers, fruits, vegetables, etc.; party decorations and novelties, and most articles made of furskins.

The Government has, of course, reviewed expenditure in the light of shortages of material and labour so that these may be used most effectively. Total expenditure may increase substantially for reasons such as defence, increased salaries and wages, rising costs of material and equipment, and increased pensions. However, where economies were possible, appropriate measures were introduced. Capital works and services were studied and only those highly essential (such as postal and telegraph facilities, civil aviation, hydro-electric schemes and housing) pushed to early completion. Bounties and subsidies have been reviewed and in some cases abolished or restricted. A reduction of 10,000 in the staffs of Commonwealth departments and authorities is taking place.

Total programs submitted to the Loan Council, including advances under the Commonwealth-State Housing Agreements, which would have involved borrowing just over £300 million, were cut back by 25 per cent to £225 million.

Naturally the anti-inflationary measures taken by the Government have been criticized and felt keenly by many sections of the community. But the majority probably agree with the statement of the Commonwealth Treasurer in his Budget speech: "While the measures I have announced are clearly not pleasant, they are clearly necessary and in the end they will prove far less hurtful than the results of unchecked inflation".

Paper Production in India

by Richard Grew
Commercial Counsellor for Canada

NEW DELHI—Paper is one of the few Indian industries which, since partition, has consistently worked to near capacity, in spite of foreign competition, shortage of certain raw materials, rising costs of production and other difficulties.

Fifteen paper mills are operating at present, with a total rated capacity of 110 thousand tons a year. The largest of these has a capacity of 33 thousand tons, and the next largest can produce 14 thousand tons. Two other mills have a capacity of 11 thousand tons each. The remainder vary in capacity from 8,500 tons to 1,100 tons. In addition, three mills have recently been established. One is already in production with a capacity of 3,500 tons of cigarette paper a year; the other two, expected to be in operation in 1953, will have a yearly capacity of 3,000 and 8,000 tons.

Although the rated capacity is 110 thousand tons, last year's production rose to 130 thousand, mainly because of plant expansion. The bulk

of production consists of the more common types of printing and writing papers, although small quantities of wrapping and kraft papers and superior varieties of notepaper are also made. No newsprint is manufactured at present, but two mills are under construction and it may be possible to begin production within the next year. Sabai grass and bamboo are the principal raw materials. A small quantity of imported wood pulp—roughly five to ten per cent of the total quantity consumed—is used to manufacture high-quality paper.

Minimum Selling Prices

In spite of the rising spiral of material and labour costs the industry has successfully kept selling prices for paper at the minimum. During 1951, the basic price of paper for all the mills remained at Rs.1,370* per ton f.o.r. destination, as compared with a landed cost of Rs.3,360 for a similar quality of imported paper which includes a duty of nearly 40 per cent ad valorem. The Government was supplied at even lower rates. Indian paper prices, it is claimed, are lower than any in the world. This is particularly significant because the industry is largely dependent on imported chemicals, machinery and spares prices of which have risen sharply in international markets during the last two years.

Demand Unsatisfied

Growing national activities to increase literacy and educational facilities following independence have created a larger demand for paper, much of it unsatisfied. Consequently, imports have been fairly high for the past few years. The dollar shortage, however, has prevented imports of all types of paper except newsprint from hard currency sources. The following table gives the relative consumption of indigenous and imported paper, excluding newsprint:

Year	Indigenous Production (tons)	Imports (tons)
1946	105,996	34,200
1947	93,096	72,600
1948	97,908	70,800
1949	103,200	73,800
1950	108,912	65,400

The Government of India's Panel on Paper, set up during 1944, affirmed that by 1951 the consumption and production targets should be 220 thousand tons and 169 thousand tons respectively, and by 1956, 322 thousand and 312 thousand tons. The demand has not reached the figure anticipated by the panel, but it has far outstripped production. The Draft Five-Year Plan proposed recently by the Planning Commission aims at an installed capacity of 212 thousand tons by 1956. At the present rate of expansion this estimate has a good chance of being fulfilled. Additional installations representing over 50 per cent of current capacity are being made in several of the larger mills.

* One rupee=2061 cents Canadian.

German Competition in Guatemala

by J. C. Depocas
Canadian Government Trade Commissioner

GUATEMALA CITY—One feature of Guatemala's foreign trade in 1951 was the return of Germany and Japan as serious competitors in supplying goods to that country. They have already made their influence felt in several lines. Their prices are low, and terms to importers were liberal for most of the year though they began to be somewhat more conservative towards its close.

Germany's re-appearance is particularly interesting. Before World War II, that country occupied second place in both Guatemala's export and import trade. If the upward trend which began some two years ago holds, there is little doubt that at the end of 1952 Germany will regain her former rank.

Statistics for the year 1951 published in Guatemala show Germany running third among supplying nations, about \$100 thousand behind Mexico and leading Canada by \$1,200,000. As a purchaser of Guatemalan products Germany is now fifth, coming after the United States, the Netherlands, Canada and Belgium. Germany is, however, now interested in local coffee and if, in 1952, her purchases reach near parity with her prewar imports she will move into third place, especially if Hamburg replaces Dutch ports as a distributing centre in that part of Europe.

The following table gives details on Germany's prewar and postwar position:

German Export-Import Trade with Guatemala
(in dollars)

	Exports	Imports	Balance
1937	5,429,036	2,803,062	2,625,974
1938	5,880,664	2,307,697	3,572,967
1939	4,128,777	1,947,583	2,181,194
1946 .....	.....	.....	.....
1947	2,651	47	2,604
1948	34,169	26,016	8,153
1949	678,852	198,773	480,079
1950	2,030,863	245,475	1,785,388
1951	3,824,946	765,179	3,059,767

At the moment, Germany is largely supplying machinery, rolling mill products, tools and hardware at prices which defy competition. Delivery has been effected as promised and agreed upon. German travellers are well trained and methodical and speak the language of the land. Negotiations by mail are carried on in a business-like manner. Importers receive speedy confirmation of any orders placed with German firms, who in addition follow religiously any advice or instructions on customs and shipping documentation.

German trade is also helped by the fact that the leading importers, distributors and retailers are the same people who before World War II more or less controlled the trade. The business organizations are still German-owned and have survived the measures taken against them during the war. Nor were they affected by the Guatemalan laws which dispossessed all Germans of their farm estates. They were allowed to carry on with their business and had sufficient stocks to do so.

Here is a comparison, by percentages, of Canadian and German trade with Guatemala:

	Percentage Imports		Percentage Value of Coffee		Percentage Exports	
	Germany	Canada	Germany	Canada	Germany	Canada
1937	32.43	....	24.81	2.09	17.40	1.37
1938	35.08	0.25	19.84	0.87	14.13	0.54
1939	26.99	0.67	15.78	1.37	11.47	0.77
1946 .....	....	2.71	....	8.12	....	4.82
1947 .....	....	2.15	....	5.11	....	5.67
1948	0.05	2.15	0.01	2.19	0.01	3.93
1949	1.00	2.23	0.06	2.70	0.38	2.65
1950	2.85	3.20	0.15	1.18	0.36	1.79
1951	4.70	3.30	....	....	1.00	2.45

Other articles of German manufacture such as drugs and chemicals, toys, haberdashery, ceramics and porcelain, fertilizers, costume and imitation jewellery and synthetic stones, motorcycles and bicycles and accessories, tires, German liquors, clocks and watches, electric lamps, radio receiving sets and rubber goods are coming in in fair quantities. Some of these commodities seem destined to regain their former preponderance. Many countries will feel the impact of German competition in these lines, especially Czechoslovakia, whose exporters cannot any longer guarantee delivery. The only possible difficulty in the German position is the unreliability of their prices.

Main products which Germany is buying from Guatemala include (1950 figures) coffee, hides, bananas, honey, and beeswax.



UN Photo.
The square in front of the church at Chichi Castenango, Guatemala, provides a sort of informal marketplace, where trading goes on outdoors.

General Notes

BRAZIL

Financing Rubber Production—The President of the Republic has signed a decree making it obligatory for manufacturers of rubber goods to invest 20 per cent of their annual net profits in rubber plantations. One year after the publication of the decree, manufacturers must prove their compliance with this stipulation before the Executive Committee for the Defence of Rubber in order to obtain supply quotas, import licences, and foreign exchange for remittances abroad. Industrial concerns may either do their own planting, take shares in existing plantations, or purchase government bonds issued specifically for the financing of raw rubber—Rio de Janeiro, May 20.

BELGIAN CONGO

Plans for Pulp Mills—A Belgo-American group is planning an important pulp mill in Mayumbe, according to a press report. Similar projects are under study in the Congo. Two Belgian groups are contemplating setting up pulp mills, one in Ubangi, the other near Lake Leopold II. The possibilities of using bamboo as raw material are also being considered by one mill. A technical mission sponsored by the Belgian Syndicate of African Cellulose is presently studying the use of papyrus as raw material, mainly for the manufacture of high quality pulp used in the textile and plastics industries. It is generally believed that as soon as the mission completes its survey, the first mill will be built with an initial daily capacity of 100 tons of pulp.

The use of papyrus would also be possible in French Equatorial Africa. Important supplies have been discovered at Gabon in the Moyen-Congo, covering some 250 thousand acres. Theoretically this would be enough to produce 700 to 800 tons of pulp yearly. Enormous difficulties will first have to be overcome, primarily the labour shortage.

The problem of wood supplies boils down to finding dense enough forests near sources of power, and the wood must be of a species not required for other uses. These conditions are most adequately filled in Mayumbe and Sangha. Two private concerns have already obtained exploitation permits for those localities. Mills would be constructed in Pointe-Noire and Brazzaville—Leopoldville, May 8.

MALAYA

Foreign Trade Declining—A severe drop of over Malayan \$43 million was recorded in Malaya's foreign trade for April. This decline is attributed to the fall in rubber prices since January from Malayan \$1.40 a pound to 78 cents a pound. Despite a decline in imports of \$11 million, an adverse trade balance of \$3.6 million was recorded. Rubber exports dropped from 85,794 tons in March to 68,693 tons in April and tin exports from 7,093 tons in March to 5,239 tons in April. This indicates a new trend in Malaya's foreign trade which started about 15 months ago but has only reached serious proportions in the last three months—Singapore, May 30.

PAKISTAN

Road Development—The Pakistan Government has accepted the road development aid program recommended by the International Road Federation, it is reported. The four points of the program are: establishment of a special school for training operators and mechanics; provision for six scholarships for highway engineers for graduate engineering training in the United States; establishment of a research and testing laboratory in Pakistan; maximum use of facilities provided by the United States Bureau of Public Roads and its annual courses for foreign engineers.

These points are embodied in a 250-page report on road development by the International Road Federation, prepared at the request of the United States Technical Co-operation Administration. The program would begin after the Administration also accepts it and informs the Pakistan Government of its willingness to assist—Karachi, June 10.

SOUTH AFRICA

Retail Sales Decline—The volume of retail sales, as distinct from the value of the items, has been declining in the principal centres of the country since 1948. The April 1952 level of the volume index of retail sales (1948=1,000) stands at 739 in Johannesburg, 808 in Cape Town and 785 in Durban. As the population is increasing at the rate of 1·7 per cent a year the consumption of retail goods is down even more sharply than these figures indicate. The decline was arrested in 1951 but began again at the beginning of 1952. Contributing factors are: consumers' resistance to mounting prices; changing ratios between prices and monetary incomes; shortage of consumer goods, especially foodstuffs; and, in 1952, a liquidation of householders' stockpiles built up during 1951 paralleling the stock-piling policies of the Government and industry—Cape Town, April 30.

THAILAND

Fisheries Training Course—The Fisheries Training Centre in Bangkok began a six weeks' course June 19 on fishery statistics, research and administration, with particular emphasis on economic planning. The Fisheries Training Centre is sponsored jointly by the Food and Agricultural Organization of the United Nations and the Government of Thailand. Approximately 40 trainees, including officials of Government Fisheries Departments, from countries throughout Asia will attend the course—Singapore, May 30.

UNITED KINGDOM

Exports Fall in April—The value of United Kingdom exports in the month of April was £217·6 million, £21·9 million lower than the average for the first quarter. Most of the decrease is a result of the Easter holidays which reduced by two the number of working days.

Imports in April amounted to £325·2 million, only slightly below the average for the first quarter. The excess of imports over total exports was £96·1 million, compared with an average of £70·4 million in the first quarter—London, May 14.

CPS Revives Its Oriental Service

A famous house-flag returns to the transpacific shipping lanes.

ON August 31, a Canadian Pacific steamship, the *Maplecove*, will sail out of Vancouver Harbour bound for Japan, the Philippines, and Hong Kong. Flags will fly and whistles toot as she clears the port, because her departure will mark the return of the CPS house-flag to the Canada-Far East shipping trade.

A month later, on September 30, her sister ship, the *Mapledell*, will leave Vancouver. From then on, the two ships will conduct a monthly freight service between the ports of Tacoma, Seattle, Vancouver, Yokohama, Kobe, Manila, Cebu, Hong Kong, and Nagoya.

A Long Tradition

In resuming service, these ships will be carrying on a tradition that goes back to 1886, when the *W. B. Flint*, a chartered vessel, arrived at Port Moody, B.C., with an oriental cargo for the infant Canadian Pacific Railway. Five years later the company began to operate its own vessels, with the *Empress of India* sailing from Vancouver to Japan. Gradually the well-known "White Empress" fleet of the Pacific was built up.

With the coming of war, the *Emperesses* were turned over to the British Admiralty for the duration. Two of them—the *Empress of Asia* and the *Empress of Canada*—were lost through enemy action and a third, the *Empress of Russia*, survived only to be destroyed by fire in drydock when she was being refitted for peacetime service. The *Empress of Japan*, renamed the *Empress of Scotland*, now operates on the company's transatlantic run.

Facilities for Shippers

Now the *Maplecove* and the *Mapledell* are re-opening this service for the first time since the war clouds broke. Formerly known as the *Beavercove* and *Beaverdell*, these ships are two of the four Beaver class vessels built for Canadian Pacific after the war to replace five transatlantic freighters lost during the conflict.

The ships are 497' 3" long and 64' broad, with an average speed of 16½ knots under turbo-electric propulsion. They are of the closed shelter deck type with three complete decks; have four forward cargo holds, a deep tank to take cargo or water ballast, and two cargo holds aft. All were constructed under Lloyd's special survey for their highest class.

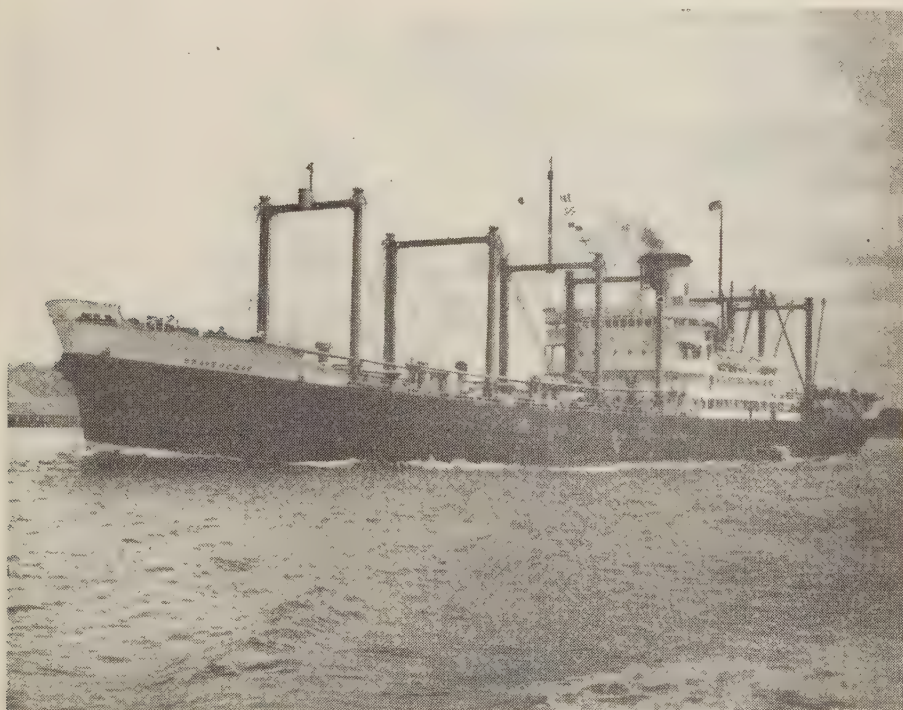
The six holds, each with upper tween and lower tweendecks, provide 434,394 cubic feet of uninsulated general cargo space and 163,318 cubic feet of refrigerated space. The non-insulated holds and tweendecks are

mechanically ventilated. This gives a continuous circulation of air currents and keeps changes in cargo temperature at a minimum, thus providing ideal stowage for semi-perishable cargoes.

The ships have modern radar, gyro compass and radio telegraph sets, and also electric tell-tales for recording the temperature of the refrigerated space which makes up about one-quarter of the carrying capacity. The insulated cargo space is cooled by circulating cold air and temperatures as low as 10 degrees below zero Fahrenheit can be maintained when needed. There are 18 refrigerator chambers, each with individual temperature controls which can be operated independently. The chambers range in size from approximately 4,000 feet to 16,838 feet and the ability to keep them at different temperatures means that a wide variety of perishable traffic can be carried.

Electric winches are used to handle the cargo and, combined with the unusually large hatches, make for speedy and efficient loading or unloading. Each ship has 20 of these winches, 26 derricks capable of handling lifts up to five tons, five with a capacity of 10 tons each, and one heavy-duty derrick capable of handling 30 tons. Upper deck hatches are fitted with patent steel covers to prevent leakage and cargo damage.

Shore operations of this revived transpacific service will be directed by Captain L. C. Barry, M.B.E., who, as marine superintendent, Pacific Services, will make his headquarters in Vancouver. Traffic will be organized by K. M. Fetterly of Montreal, foreign freight traffic manager of the Canadian Pacific Railway, and G. H. Kerr of Vancouver, foreign freight agent (Pacific Services).



Built after the last war, the Beaver Cove has been serving on CP's trans-atlantic run. This fall, under her new name of Maplecove, she will re-open the transpacific service broken off in 1940.

Commodity Notes

BRAZIL

Steel—Production of the National Steel Mill at Volta Redonda in 1951 (342,561 metric tons) was 19·3 per cent higher than in 1950. Pig iron production reached 342,087 tons and steel ingots 465,032 tons. Last year Volta Redonda produced one million kilos of naphtha, sufficient to supply Brazilian requirements, five million kilos of tar, 52,600 litres of motor fuel, and a considerable amount of benzol—Rio de Janeiro, May 29.

Food Crops—São Paulo's food crops will probably decline in 1952, according to the Rural Economy Section of the Ministry of Agriculture. It expects a decline of 30 per cent in the rice crop (to 8·9 million bags), 29 per cent in the peanut crop (to 4·2 million bags), and 20 per cent in the wet season bean crop (to only 959,280 bags). It attributes the drop, in part, to the increased planter interest in cotton which is expected to rise 40 per cent. Coffee prospects are also good, with an expected crop of 7·9 million bags—São Paulo, April 10.

IRELAND

Tiles—A new tile factory has been erected some eight miles from Dublin, at Adamstown, Lucan. It will produce a variety of high-quality, hard-wearing tiles suitable for hospitals, schools and the building trade generally. The raw materials used will be mainly domestic. In the near future it is hoped to enter the export field, including Canada and the United States—Dublin, May 28.

Artificial Pearls—A new industry to make artificial pearls and imitation jewellery, suitable for the European market, is being started at Ennis, Co. Clare. This factory is the first of its kind in the Republic of Ireland. The first consignment of machinery has arrived, as well as six technicians from abroad who will train local workers. The first consignment of imitation pearls, valued at some £3,000, was recently flown from Shannon Airport to London—Dublin, May 28.

PAKISTAN

Motor Vehicles—Next to railways, roads are fast becoming the principal means of communication in Pakistan. This fact is borne out by a survey by the Ministry of Communications showing that there were 57,399 motor vehicles (excluding those of the Armed Forces) on the road in Pakistan in 1951, as against 25,435 in 1947. These figures include the following categories: motor cars, 1,709; private cars, 28,860; motorcycles, 8,021; buses, 9,869; trucks, 7,415; other vehicles, 1,525—Karachi, June 10.

Telephone Equipment—The Government of Pakistan has signed an agreement with a German firm for the establishment of a telephone factory to manufacture all automatic telephone exchange equipment, manual telephone systems, telephone instruments, etc. Work will begin this year, and full production should be reached within four years. Under the terms

of the agreement, the firm will train Pakistani personnel in Germany, so that by the end of the four years the factory should be entirely manned by Pakistani staff. It is expected this factory will provide the entire requirements of the country for telephone equipment—Karachi, May 26.

Glass—Two glass factories are being constructed in Karachi. One will have a capacity of 20 tons a day, and the other, a sheet glass unit, will have a capacity of seven to ten million square feet of sheet glass a year—Karachi, May 24.

PHILIPPINES

Paint—The Elizalde Paint and Oil Factory has announced that it will acquire more machinery, including two Edge Runners five feet in diameter. By expanding production and reducing retail prices, the company hopes to curb imports of inferior paints. At present the firm produces enough paint to meet local requirements and could double production. During 1951, sales reached \$12.5 million as compared with \$936 thousand in 1947—Manila, May 29.

SCOTLAND

Steel—Scottish steelmakers and rerollers continue to be under heavy pressure from home consumers for delivery of steel. Although the steel shortage is likely to persist until imports of raw materials or semi-finished steel increase, the position has improved. Pig iron production has maintained its recent advance and the raw material position at the steel works has been slightly easier. Shipyards, power-plant producers, wagon and locomotive builders and the other Scottish engineering industries are exerting strong pressure for steel. At the same time, makers and rerollers are being pressed for deliveries against export quotas which represent essential parts of bilateral trade agreements—London, May 1.

SOUTHERN RHODESIA

Gold—Southern Rhodesia's gold production in 1951 was the lowest since 1906 in spite of the record price, plus the premium sales profit which amounted to an additional 7/6d. an ounce. Base metals, on the other hand, brought in a record amount of almost £9 million. The total gold output was only 486 thousand ounces valued at £6.1 million, including the proceeds from sales of 17 thousand ounces a month for one-quarter of the year on the free market. It was thought that the gold output would drop by 10,000 ounces but the actual fall was 24,256 ounces. The fall this year is not expected to be so severe. The strong demand for all base metals is expected to continue. The trend in Southern Rhodesia now is definitely towards the mining of base minerals instead of gold. The number of gold mining claims last year dropped from 2,814 to 1,339. In the same period 3,665 new licences to prospect for base minerals were issued, increasing the total in this category to 37,984. Most interest was concentrated on the discovery of new asbestos deposits—Johannesburg, May 16.

SWEDEN

Oil Storage—A unique method of storing oil has been developed on the coast about twenty miles from Stockholm. The old Harsbacka mine is used as an underground depot; in places it is 124 metres deep and can contain over 150 thousand cubic metres. The mine is connected to the nearby quay by two pipes 1,700 metres long. One is used for pumping oil from tankers to the mine and also from the depot to ships loading. The other is used for pumping sea water to the mine which, being heavier than oil, fills the bottom of the mine. By regulating the amount of water, the level of the oil can be controlled. The mine is almost completely watertight. The oil is embedded in a shell of pegmatite with a concrete "lid". By a heating process, the oil can be skimmed from the water surface. The cost of the oil lost in cavities is small when compared with the saving which this storing method affords. The Harsbacka depot, including piping and quaying, cost only 3.5 million kronor as compared with the 20 million kronor cost of the usual type of rock storage installation. A number of technical problems regarding the temperature of the depot for the various types of oil have still to be solved. So far only West Indian oil has been stored. Harsbacka is reported to be practically proof against atomic bombs and is completely hidden—Stockholm, May 10.

Cardboard—The largest cardboard factory in the north is being erected by the Co-operative Society at Fiskeby close to Norrköping. It is an American type and the raw material used will be mainly waste products—Stockholm, April 18.

UNITED STATES

Vacuum Cleaners—U.S. factory sales of standard-size household vacuum cleaners declined substantially in 1951—to 2,729,104 as compared with 3,529,412 in 1950. According to the Vacuum Cleaner Manufacturers' Association, this decline was progressive during the first seven months of the year and sales in each month were below those for the same month in 1950. This was also true of the first four months of 1952; sales in April 1952, for example, were 217,169 units compared with 290,092 units in March 1952 and 227,216 in April 1951—Washington, May 28.

Pesticides—The United States production of all pesticides and other organic agricultural chemicals (fumigants, fungicides, seed disinfectants, herbicides, plant hormones and insecticides) in 1951 amounted to 454 million pounds, an increase of 124 per cent over the 203 million pounds reported for 1950. Sales in 1951 were 356 million pounds, valued at \$145 million, compared with 174 million pounds, valued at \$61 million, in 1950.

Production in 1951 of cyclic pesticides and other cyclic chemicals in this group amounted to 405 million pounds, compared with 199 million pounds in 1950, an increase of 104 per cent. Sales in 1951 were 314 million pounds, valued at \$130 million, compared with 171 million pounds, valued at \$59 million in 1950. In this group the insecticide benzene hexachloride was produced in greater quantity—Washington, June 12.

Italian Production in 1951

*A report on agriculture, iron and steel,
textiles, chemicals and electric power.*

by **A. A. Caron**
Assistant Commercial Secretary for Canada

ROME—A study of the Italian economy in 1951 shows that the production of the major industries—agriculture, iron and steel, textiles, chemicals—improved last year, and the output of electric power went up. On the debit side, however, comes the poor wheat crop, serious flood damage, and high iron and steel prices which lowered exports of these products.

Agriculture

Agriculture provides a living for about half the Italian population and accounts for one-quarter of the country's gross national product. Its basic problem is to improve production and lower costs, at the same time giving maximum employment to surplus labour and meeting other social needs.

Production varies considerably from one end of the country to the other because of differences in soil, climate, topography and cultural background. Conditions are most primitive in the south where the yield per acre is very low. They are best in the northern plain, the Po River Valley, where production is good and modern machinery is in general use.

Wheat Crop Smaller

In 1951, the output of the most important crops increased in comparison with 1950. The exception—an important one—was wheat. This crop was 10 per cent lower than in 1950 and in prewar years. Unusual rains, particularly during normally dry months, were unfavourable to wheat although helpful to most spring-planted crops and forage. Particularly good crops of corn, sugar beets, potatoes, olives, pears and apples were harvested as shown in the following table:

Agricultural Production in 1951

Product	In 1951 (thousands of metric tons)	Compared with 1950 (thousands of metric tons)
Rice (raw)	710	+ 2.9
Corn	2,606	+ 35.3
Sugar beets	5,400	+ 20.8
Potatoes	3,160	+ 33.1
Grapes	6,760	+ 11.7
Olives	1,400	+ 44.5
Pears	366	+ 21.7
Apples	710	+ 39.2
Wheat	6,740	- 12.0
Oranges	450	- 12.9
Lemons	280	- 9.3

Flood damage was extremely serious in Sicily, Sardinia and the Po Valley. In terms of total Italian production, however, estimated losses of stored wheat, corn, sugar and forage do not amount to more than a fraction of one per cent. More important are the enormous public and private capital outlays required to repair the damage.

The total per capita food supply in 1951 in terms of energy is estimated at about the prewar "normal" level of between 2,500 and 2,600 calories. The average Italian diet still gets about 60 per cent of its calories from cereals, but this varies greatly with geographic regions and economic classes.

The agrarian reform was still front-page news in 1951 and it can be considered one of the principal achievements of postwar Italian governments in the economic field.

Industry

The general index of Italian industry in 1951 was 136 (1936=100) compared with 119 for 1950. The aggregate net value of industrial production for the fiscal year 1950-51 is estimated at \$4.6 billion, or about 31 per cent of the total gross national product.

The large and steady demand from the domestic market, plus satisfactory sales abroad, raised iron and steel production from 506 to 929 thousand tons. However, high prices for these Italian products were detrimental to exports.

Other production increases were: crude steel from two to three million tons, hot rolled steel from one to two million tons, and ferro-alloys from 67 to 93 thousand tons.

Textiles

The textile industry's production reached a new high in 1951, the result of good sales in the home market and an improved demand from overseas markets. Estimated production of 234 thousand tons of cotton yarns and 160 thousand tons of cotton fabrics represented increases of nine and 6½ per cent respectively over 1950, and 31 and 18 per cent over 1938 levels. Woollen production—97 thousand tons of yarns and 48,400 tons of fabrics—increased about 12 and seven per cent over last year's. Rayon and artificial fibres were estimated at 130 thousand tons, an increase of 26 per cent.

Exports of textile products in 1951 (percentage increases over 1950 in brackets) were:

Cotton yarn	33,000 tons	(17 per cent)
Cotton piece goods	48,000 "	(10 " ")
Woollen piece goods	20,000 "	(32 " ")
Rayon and artificial fibres	60,000 "	(40 " ")

Chemicals

The chemical industry also advanced in 1951. It is of particular importance to Italy because most of the raw materials needed are produced on the domestic market. Production gains were based largely on growing local requirements but also reflected a favourable trend in exports. The following figures give an indication of the output of the principal chemical products during 1950 and 1951:

Trade and Tariff Regulations

Brazilian Exchange Quota Regulations

Rio de Janeiro, June 26, 1952—FTS—Further evidence of the shortage of dollars in Brazil is a recent announcement by the Bank of Brazil revoking the preferential treatment given since May 1951 to applications for exchange quotas for the import of highly essential commodities including:

Inoxidizable steel	Nickel
Silicon steel	Newsprint
Fertilizers and raw materials for manufacture	Agricultural machinery
Insecticides and raw materials for manufacture	Copper
Aluminum	Sulphur
Barilla	Tin
Cellulose	Tinplate
Lead	Caustic soda
	Zinc

Although some of those commodities can still be imported without the formality of an import licence, the importer must secure an allotment of exchange. Applications for the exchange will henceforth be subject to strict supervision by the Bank of Brazil. During 1951 such applications received practically automatic approval.

Ireland Prohibits Artificial Silk Imports

Dublin, June 6, 1952—FTS—The Government of the Republic of Ireland has made an order under the Control of Imports Acts, 1934 and 1937, entitled Control of Imports (Quota No. 13) (Artificial Silk Piece Goods Amendment) Order, 1952. The order amends Control of Imports (Quota No. 13) Order, 1935 and includes, with certain exceptions, woven piece goods containing more than 85 per cent by weight of spun artificial silk staple fibre which exceed eight ounces in weight per square yard.

This order is effective May 29, 1952, and prohibits imports of these goods until quotas have been established.

South Africa Increases Exchange Grants for Imports

Johannesburg, June 18, 1952—FTS—South African importers will be allowed to double part of their import quotas for consumer goods this year provided they use this double amount to import more necessary types of goods, according to a recent announcement by the Minister of Economic Affairs.

Last year importers of consumer goods were allowed 60 per cent of their 1948 imports, which totalled about £350 million. This year the quota has been fixed at 45 per cent of that figure. Importers of this type of goods will now be allowed to double the value of a part of their 45 per cent quota provided they use the amount they have doubled in this way to buy the following type of goods:

- General domestic glassware, provided no individual article exceeds an f.o.b. cost of 1/6d.

- Household crockery, provided no individual article exceeds an f.o.b. cost of 2/6d.
- Oil, paraffin and petrol-burning lanterns and lamps.
- Second-hand overcoats.
- Linoleum not exceeding 3mm. in thickness.
- Six-volt battery radio sets (excluding portable radios and motor car radios).
- Greaseproof paper.

This newly formed "Priorities List" will be added to or reduced from time to time in the light of experience or of new conditions. Importers who normally imported these goods in the past will, on application, receive permits valid for such goods on the basis of £ 2 for every £ 1 of the general merchandise permits which they surrender. This new provision was made to encourage imports of more necessary goods.

Trinidad Amends Foot and Mouth Regulations

A cablegram of June 23 from the Acting Canadian Trade Commissioner at Port of Spain advises that Trinidad has amended the Importation of Animals (Foot and Mouth Disease) Regulations 1952 by deleting grain from the scope of their provisions. The effect is that imports of grain from the provinces of Alberta, Saskatchewan, and Manitoba are no longer prohibited.

The need for an official certificate showing that exports of Canadian grain to Trinidad have originated outside these three provinces is thereby eliminated.

(The imposition of the prohibition was announced in Foreign Trade of May 17, page 617—Editor)

U.S. Permits Duty-Free Entry of Religious Articles

Washington, June 20, 1952—FTS—An Act of Congress signed June 12, 1952, has enlarged the duty-free entry provision of Tariff Paragraph 1774, which now reads as follows:

Paragraph 1774. Altars, pulpits, communion tables, baptismal fonts, shrines, or parts of any of the foregoing, and statuary (except casts of plaster of paris, or of compositions of paper or papier-mâché), imported in good faith for the use of, either by order of or for presentation (without charge) to, any corporation or association organized and operated exclusively for religious purposes.

Formerly, the articles specified above were entitled to duty-free entry only when imported for presentation without charge to such religious organizations.

WHEAT STORY

First wheat from the Canadian prairies ever to move out to export markets by rail left Portage la Prairie, Manitoba, in 1885—67 years ago. The Canadian Pacific train, made up of 16 cars of grain, went direct to Montreal.

Nominal Foreign Exchange Quotations

The following nominal quotations may prove useful in checking prices or considering statistics.

Importers and exporters are, however, urged to check with their banks before making any financial arrangements for the purchase and sale of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations June 23	Nominal Quotations June 30
Argentina.....	Peso.....	Basic Ex.	-.2977	-.1956	-.1947
Austria.....	Schilling.....	Free	-.2085	-.0704	-.0701
Australia.....	Pound.....	Export	3.2240	2.1770	2.1690
Belgium and Belgian Congo.....	Franc.....		-.0228	-.0194	-.0193
Bolivia.....	Boliviano.....		-.0238	-.0163	-.0162
British West Indies (except Jamaica).....	Dollar.....		-.8396	-.5669	-.5648
Brazil.....	Cruzeiro.....		-.0544	-.0528	-.0526
Burma.....	Rupee.....		-.3022		
Ceylon.....	Rupee.....		-.3022	-.2053	-.2045
Chile.....	Peso.....		-.0233	-.0078	-.0078
Colombia.....	Peso.....		-.5128	-.3911	-.3895
Costa Rica.....	Colon.....		-.1800	-.1745	-.1738
Cuba.....	Peso.....		1.0000	-.9778	-.9737
Czechoslovakia.....	Koruna.....		0.2000	-.0195	-.0194
Denmark.....	Krone.....		-.2084	-.1416	-.1410
Dominican Republic.....	Peso.....		1.0000	-.9778	-.9737
Ecuador.....	Sucre.....		-.0740	-.0652	-.0649
Egypt.....	Pound.....		4.1330	2.8078	2.7962
El Salvador.....	Colon.....		-.4000	-.3911	-.3895
Fiji.....	Pound.....		3.6306	2.4516	2.4426
Finland.....	Markka.....		-.0062	-.0042	-.0042
France, Monaco and French North Africa.....	Franc.....		-.0037	-.0028	-.0027
French Empire—African.....	Franc.....		-.0073	-.0056	-.0056
French Pacific Possessions.....	Franc.....		-.0201	-.0154	-.0153
Germany.....	Deutsche Mark		-.3000	-.2328	-.2318
Guatemala.....	Quetzal.....		1.0000	-.9778	-.9737
Haiti.....	Gourde.....		-.2000	-.1956	-.1947
Honduras.....	Lempira.....		-.5000	-.4889	-.4869
Hong Kong.....	Dollar.....		-.2519	-.1701	-.1695
Iceland.....	Krona.....		-.1541	-.0600	-.0598
India.....	Rupee.....		-.3022	-.2053	-.2045
Iran.....	Rial.....		-.0212		
Iraq.....	Dinar.....		4.0300	2.7212	2.7112
Ireland.....	Pound.....		4.0300	2.7212	2.7112
Israel.....	Pound.....		3.0000	2.7212	2.7112
Italy.....	Lira.....		-.0017	-.0015	-.0015
Jamaica.....	Pound.....		4.0300	2.7212	2.7112
Japan.....	Yen.....		-.0028	-.0027	-.0027
Lebanon.....	Piastre.....		-.4561		
Mexico.....	Peso.....		-.1157	-.1130	-.1126
Netherlands.....	Florin.....		-.3769	-.2573	-.2562
Netherlands Antilles.....	Florin.....		-.5308	-.5185	-.5163
New Zealand.....	Pound.....		4.0150	2.7212	2.7112
Nicaragua.....	Cordoba.....		-.2000	-.1956	-.1947
Norway.....	Krone.....		-.2015	-.1369	-.1363
Pakistan.....	Rupee.....		-.3022	-.2955	-.2943
Panama.....	Balboa.....		1.0000	-.9778	-.9737
Paraguay.....	Guarani.....		-.3200		
Peru.....	Sol.....		-.1538	-.0630	-.0621
Philippines.....	Peso.....		-.4975	-.4889	-.4869
Portugal and Colonies.....	Escudo.....		-.0400	-.0340	-.0039
Singapore.....	Straits Dollar		-.4702	-.3175	-.3163
Spain and Colonies.....	Peseta.....	Off. Free Mkt. Ex.	-.0916	-.0252	-.0252
Sweden.....	Krona.....		-.2783	-.1890	-.1882
Switzerland.....	Franc.....		-.2336	-.2268	-.2261
Thailand.....	Baht.....		-.1000		
Turkey.....	Lira.....		-.3571	-.3492	-.3478
Union of South Africa.....	Pound.....		4.0300	2.7212	2.7112
United Kingdom.....	Pound.....		4.0300	2.7212	2.7112
United States.....	Dollar.....		1.0000	-.9778	-.9737
Uruguay.....	Peso.....		-.6583	-.6437	-.6410
Venezuela.....	Bolivar.....		-.2955	-.2919	-.2907
Yugoslavia.....	Dinar.....		-.0200	-.0032	-.0032

* September 17, 1949.

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JULY 12, 1952



OTTAWA
CANADA

India and Her Food Problems (page 2)



COMING EVENTS . . .

These past weeks, we at "Foreign Trade" have been making plans. They are not the usual plans of early summer—plans that include railway timetables, golf games, and tidying up one's desk. They are long-range and they have one objective—to make the magazine more valuable to its readers.

As a first step, we introduce in this issue a new feature. Under the heading "Fairs and Exhibitions", we shall present, from time to time, brief reports on exhibitions abroad in which Canada participates. We shall also give news of coming fairs, here and overseas, which Canadian businessmen may wish to visit or at which they may want to exhibit their products.

Beginning with the first number in August, we plan several special issues. On August 2nd, we shall focus attention on markets abroad for one commodity—Canadian seed potatoes. On September 6th, we shall concentrate on one country—Venezuela—as a market for a number of specific Canadian products. October and November will bring similar issues on markets in Cuba and in Mexico.

Perhaps you find our reports on current business conditions in many countries of paramount interest. We expect to present these too in a more useful form, grouping them by area. The last issue of September will feature reports on conditions in the Latin American countries during the last twelve months.

These are but a few of the plans now taking shape. You will see them unfold, issue by issue, as we pursue our goal of a more interesting and helpful magazine—The Editor.



foreign trade

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OTTAWA, JULY 12, 1952.

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—UN Photo

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India and Her Food Problems

A plague of locusts, earthquakes, floods, and drought cut India's food production in 1951; the goal of self-sufficiency seems distant.

by Richard Grew
Commercial Counsellor for Canada

NEW DELHI—Since the end of the war, India has had to depend on outside sources for large quantities of wheat, rice and milo, despite strenuous efforts to become self-sufficient in foodstuffs. In fact, during 1951 imports amounted to just under a record five million tons, the largest quantity since Partition, and included \$18·6 million worth of wheat bought from Canada.

This development must be blamed largely on natural calamities, more frequent than in any previous year. Lack of rains in many parts of the country and excessive rains followed by floods in other parts, locust invasions on a greater scale than ever, frequent earthquake tremors in Assam causing landslides and converting fertile valleys into desolate regions—all these contributed to make 1951 a year of untold hardship to many millions. Only exceptional effort and a high degree of organization on the part of the Central and States Governments prevented actual starvation in many districts.

The necessity to import larger quantities of food grains was also the principal factor in the unfavourable trade balance of Rs.886 million. Because of a change in the system of recording imports of grain from April 1950, it is impossible to compare the two previous calendar years. However, imports for the second half of 1950 and 1951 were Rs.401 million and Rs.1,141 million respectively, an increase in 1951 of Rs.740 million.

Agreement with U.S.

The passing of the Indo-U.S. Wheat Loan Agreement, which was signed in Washington on June 27, was the most important event of the year in the food situation. The loan is for a period of 35 years, the first payment to be made in June 1957. It carries interest at 3½ per cent payable from December 31, 1952. The U.S. Indian Grain Act lays down that a sum not exceeding five million dollars from the sum payable by the Government of India under the interest terms on or before January 1957 shall, when paid, be placed in a special deposit account in the Treasury of the United States. It is to be used to finance studies and provide educational facilities for Indian students in the United States and for United States' students in India.

In July, the Planning Commission published its draft outline of a Five-Year Plan for the development of India's agriculture and industry.

The plan is in two parts, involving a total expenditure of Rs.17,930 million. The first part naturally places most emphasis on agriculture and irrigation, an amount of approximately Rs.6,420 million being set aside for completion of certain irrigation and power projects, an increase in important cash crops, and raising of the production of food grains.

In its report, the Commission dealt at some length with the agricultural situation in the country and proposed some measures for its improvement, though it expressed frankly its inability to achieve self-sufficiency even by 1955-56. The draft outline provided for an additional production of 7.2 million tons of food grains during the five-year period ending 1955-56. After meeting the needs of the increased population (estimated at 26 million in the five years) at the rate of $13\frac{1}{2}$ ounces per adult per day, barely 300 thousand tons of additional food grains would be left for the remaining population. Calculated on this basis, the country's deficit, at present approximately 10 per cent, will remain virtually unaltered by 1956.

Certain revisions of the five-year "Grow More Food" plan, which was launched by the Ministry of Food and Agriculture in 1947 and was to be completed by April 1952, were announced in the Finance Minister's Budget speech. The main features of the new policy were:

- Concentration of "Grow More Food" effort in certain selected zones, suited to rapid increase in production.
- Linking of additional production with procurement. One of the conditions of financial assistance now is that 60 per cent of the increased production in intensive areas shall be surrendered to the procurement authorities.
- Emphasis on permanent rather than on periodic schemes.
- Maintenance of closer supervision by the Central Government over the actual execution of the schemes in the States, to assess progress made.

According to figures released by the Ministry of Food and Agriculture, production of India's major food grains, with the exception of wheat, declined during the agricultural year ended June 1951. Production of rice, the most extensively grown crop in India, stood at 20.2 million tons, a decline of about two million tons, or 11.5 per cent, as compared with the previous year. Acreage too declined slightly. Over 75 million acres, mainly bordering on the Bay of Bengal, are now under rice cultivation. Maize showed a decline of 16 per cent, with production at 1.6 million tons. Wheat, barley and gram crops increased. Wheat went up to 6.4 million tons, a seven per cent increase over the previous year, barley to 2.2 million tons, a five per cent increase, and gram to 3.7 million tons, a two per cent increase.

Finding Food Stocks

Central Government sources indicated that, as against the country's annual requirements of over ten million tons of food grains, optimistic estimates placed the official procurement from rural areas at 3.43 million tons, one million tons less than in 1950. India expects to procure 3.2 million tons of food grains in 1952, consisting of 2.5 million tons of rice and millets and 700 thousand tons of wheat. At the end of the year 1951, 126.75 million people were under rationing.

Statistics placed before Parliament in September, giving the acreage under food and cash crops in India, confirmed that the program of "integrated production" announced by the Government in 1950 and replacing the earlier plan of self-sufficiency was merely an acknowledgment of the definite tendency of producers to divert land to growing of cash crops. Their natural desire to get the maximum return for the same labour has not only hampered the "Grow More Food" campaign but has made it impossible for the country to achieve self-sufficiency in a measurable period. In three years, the area under cotton alone has increased by nearly 3.7 million acres. The net increase in the area under oilseeds during the last two years is 2.4 million acres. The area under jute cultivation has nearly doubled during the last two years. The area under sugarcane has increased by nearly 390 thousand acres. The total increase of the principal cash crops—cotton, jute, oilseeds and sugar cane—totalled about 7.4 million acres by the beginning of 1952. There is no doubt that, generally speaking, this must all have been diverted from the production of cereals.

Import Objectives

India enters 1952 with a carryover of about one million tons of food grains, representing an improvement of nearly 300 thousand tons over the stocks available at the beginning of 1951. The position would be better still had the import target for 1951 been achieved. But, because of lack of shipping facilities and because food ships did not arrive according to schedule, this fell short by about 496 thousand tons. As against the year's target of 5.44 million tons, the total quantity of food grains imported last year was 4,723,729 tons. Of this, wheat accounted for 2,969,017 tons, rice for 748,550 tons, milo 949,162 tons, flour 45,299 tons and sorghum 11,701 tons.

The United States supplied 1,010,130 tons of wheat on loan account and a further 798,205 tons; Australia 192,158 tons; Russia 98,954 tons; Canada 327,930 tons; Argentina 512,522 tons, and Uruguay 29,118 tons. Of the 748,550 tons of rice, Burma supplied 304,186 tons; Thailand 216,172 tons; Egypt 4,624 tons; China 6,577 tons, and Pakistan 157,789 tons. The United States supplied 48,727 tons of milo on loan account and a further 540,344 tons, and China supplied 360,091 tons. The total quantity of flour and sorghum came from Australia.

According to present estimates, the import target for 1952 needs to be fixed at five million tons, approximately the same as for 1951. Over 3.27 million tons of imports have already been arranged for. Of this, 1.5 million tons of wheat will be available under the International Wheat Agreement, one million tons as the balance of the United States Wheat Loan, and 350 thousand tons of rice under the new agreement with Burma. Some 275 thousand tons of wheat and 150 thousand tons of rice will come from Pakistan. Because of increasing demands for rice by Madras, West Bengal, Travancore-Cochin, Hyderabad and other States, the Centre has fixed the rice import target for 1952 at a million tons. This represents an increase of about 25 per cent over 1951 and nearly 35 per cent over 1950. Judging from world prices, imported rice—the rates of which are normally at least 25 per cent higher than for imported wheat—is likely to be more expensive this year than in 1951.

Jute Processing in Pakistan

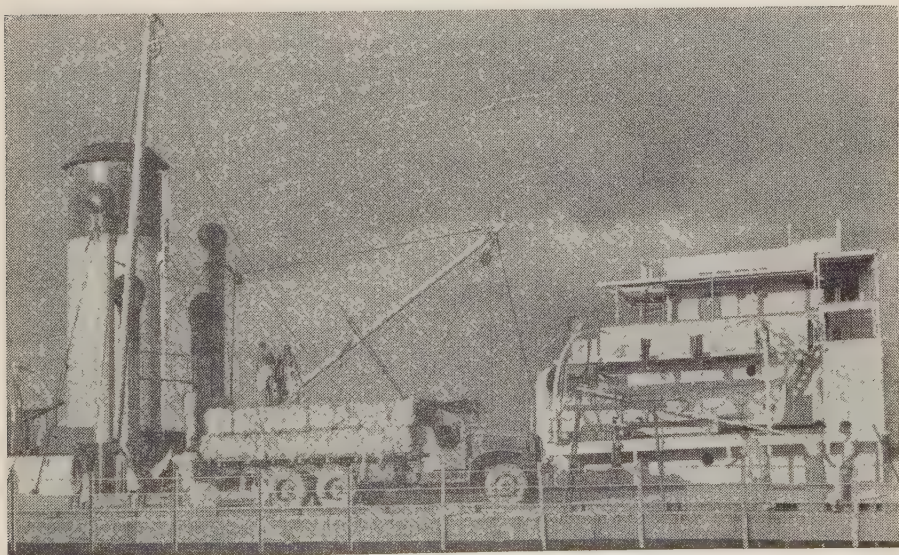
*Pakistan is beginning to weave its own raw jute;
may succeed India as the major burlap producer.*

by A. P. Bissonnet
Commercial Secretary for Canada

KARACHI—A recent event of far-reaching significance to Pakistan and to users of jute products all over the world was the arrival in New York of the first shipment of burlap from Pakistan. This event, which took place on April 22, presages the development of a large-scale secondary jute industry in Pakistan.

In August 1947, when partition took place, the adjacent provinces of East Bengal and West Bengal became parts of different countries. East Bengal (or East Pakistan as it is now known) produces about 75 per cent of the world's raw jute, but in 1947 it had only a few presses for baling its jute and not one loom for weaving it. On the other hand, next door at Calcutta, in India's West Bengal, a well-developed jute industry flourished. This situation would be analogous to finding suddenly all of Canada's paper mills in another country and only the forests left to us.

The economy of the new Pakistan is based mainly on two cash crops, jute and cotton. As these crops flourish and markets are found abroad for them, the country prospers. The more important crop is jute and since 1947 Pakistan has been faced with the vital problem of marketing and processing its large annual crop of raw jute.



Baled jute is delivered at an East Pakistan port, for shipment abroad. More jute, however, is now being processed into burlap in Pakistan itself.

With roughly 60 per cent of the world's jute looms located in Calcutta, India was not only the traditional and natural customer but also the largest market for East Pakistan's raw jute. Difficulties arose, however, when in September 1949 India devalued its currency while Pakistan did not. India thus found itself in a position of having to pay an abnormally high price for its raw jute and refused to buy. Fortunately Pakistan found other customers in the United Kingdom and in European countries which have substantial jute-loom capacity, and which usually obtained their raw jute through Calcutta. Later India and Pakistan reached an agreement whereby India was able to obtain a substantial part of its raw jute requirements from its neighbour.

In the past, the major portion of East Pakistan's raw jute was sent to Calcutta for baling and export. At partition East Pakistan had little baling capacity and for the first time equipment for the pressing and baling of raw jute became an urgent necessity. Exactly how many baling presses Pakistan has in operation today is difficult to determine but there is probably a minimum of fifty. This means that Pakistan can press about 3.5 million bales of her annual jute crop of about six million bales.

Establishing Plants

Once the baling deficiency was largely overcome, Pakistan's remaining problem was to weave its own jute by developing a secondary jute industry. In this way, it would earn for itself the foreign exchange which India had received for the raw jute of Pakistan.

Despite the large number of jute looms in Calcutta and the concentration of jute looms (said to approximate 50 thousand) in the United Kingdom at Dundee, in prewar Germany, France and Italy, and despite the wide use of substitute materials, the world demand for burlap since the war has continued to increase. It was a logical step, therefore, for Pakistan to plan immediately to develop its own jute-weaving industry and take full advantage of the world market.

Pakistan's intention to establish its own jute industry became materially evident when a recent purchasing mission placed orders for approximately \$10 million worth of jute looms and other machinery in the United Kingdom. Although a small amount of private capital has come forth to invest in the jute industry, the Government had to form the Industrial Development Corporation, a Crown Company, through which it and private capital together could develop the jute and other industries.

At present about 432 looms are in commission, with 180 of them in government mills and the remaining 252 privately owned and operated. It is from the latter that the history-making first shipment of burlap was recently made to the United States.

Immediate and long-term development plans envisage a total annual production of 30 million yards of burlap by the end of 1952, 60 to 65 million yards by the end of 1953, and 190 million yards by the end of 1955. Eventually Pakistan plans to put over six thousand looms into operation.

Now that the development of its jute industry is well under way, and with such decisive factors in its favour as supplies of raw jute at comparatively cheap prices and modern machinery, there is a real possibility that Pakistan will succeed India as the world's major producer of burlap.

Canada's Trade with Turkey

Canada sold less to Turkey in 1951 than in 1950, and this trend may continue as competition from European suppliers becomes keener.

by G. F. G. Hughes
Commercial Secretary for Canada

ISTANBUL—Trade between Canada and Turkey last year was marked by a drop of some \$777 thousand¹ in our exports to and a rise of \$477 thousand in our imports from that country, compared with 1950. In general, export opportunities for Canadian goods in Turkey during 1951 were extremely limited in scope and amount. And there are few signs that opportunities are improving in 1952.

Exports declined primarily because of fewer shipments of agricultural machinery financed entirely by ECA. Dollar allocations for this purpose remained about the same but were made too late in the year to allow deliveries before it ended. Export figures for the current year will show a consequent rise.

Wheat reappeared on the export list because of the short crop of the 1950 harvest. The bumper crop of 1951 precludes any possibility of a recurrence this year; in fact, Turkey has exported substantial amounts of wheat and other cereals during the past five months. Insecticides valued at \$90 thousand were imported under ECA as part of the agricultural program. So were the pumps. Of the other items, railway car parts, files and rasps, various metal shapes, and machinery parts were apparently all purchased by government agencies.

"Compensation" Imports

The remainder were brought into Turkey under a trading method known as "compensation"². Compensation imports—usually luxuries or semi-luxuries—are bought with foreign exchange from the sale of specified Turkish commodities which are normally not saleable at the official rate of exchange. The export of these commodities gives the exporter the right to import any article of the same value or to sell his right to an importer. During the year the "compensation" dollar varied between T.L.4·20 and 4·80, compared with the official rate of T.L.2·80. This difference accounts for the high retail price of articles like cars, refrigerators, washing machines and fountain pens. They can only be imported because of the special appeal of the America-type article as compared with its European counterpart. Certain items are also imported by compensation because it is difficult to obtain supplies of similarly high quality in Europe. Polystyrene moulding powder falls in this category.

¹ All statistics quoted are Canadian-compiled.

² For latest details of this and other aspects of the new Turkish trade regulations, effective April 15, see *Foreign Trade* of June 7, 1952, p. 733—Editor.

Leading Canadian Exports to Turkey

(in Canadian dollars)

ECA-Financed and Known Government Purchases	1951	1950
Agricultural machinery	1,261,841	2,920,753
Wheat	917,812	.....
Plates, sheets and strips of steel	7,873	13,967
Engines and boilers	3,957	3,994
Machinery and parts	2,551	58,759
Mining machinery	424	12,000
Remaining Exports		
Cars and parts	246,293	23,721
Polystyrene	128,022	25,782
Dips, sprays and insecticides	90,416	.....
Alcoholic beverages	46,719	23,477
Typewriters	43,251	78,274
Rubber and manufactures	26,571	37,739
Fountain pens and pencils	26,145	37,302
Washing machines	25,850	800
Donations and gifts	20,309	301
Files, rasps and other tools	19,960	.....
Stoves, lamps and parts	15,546	10,943
Pumps, power, and parts	14,911	577
Copper and manufactures	14,483	.....
Synthetic fibre manufactures	10,980	16,791
Refrigerators and icemaking machinery	10,244	19,948
Medicinal preparations	9,728	43,651
Aluminum in primary forms	7,716	.....
Others	5,474	40,808
Ink	3,240	.....
Trucks	1,663	77,206
	2,961,979	3,739,623

Trade figures for 1952 may not tell as favourable a story. As Turkey turns to Europe for more and more of her capital and consumer goods, the opportunities for Canadian goods grow less. Turkey's limited dollar-earning capacity and her increasing requirements for petroleum, essential spares and invisibles mean that strict curtailment of dollar imports must continue. During the past year, certain products like cars and white-walled tires could be supplied from Canadian plants more easily than from U.S. ones and this fact accounted for the improvement in the 1951 figures. Whether this tendency continues during 1952 remains to be seen. In the semi-luxury lines of household appliances, the first essential is that the Canadian article compete on a landed basis with the comparable U.S. product. The rapid improvement in styling of European-made refrigerators, washing machines and other household appliances accounts at least partly for the radical shift in sources of supply for the bulk of these items. The big advantage which European suppliers enjoy is that payment is made at the official rate of exchange instead of at "compensation" dollar rates used when buying the U.S. or Canadian article. This, coupled with the general scarcity of dollars, has prompted a number of North American manufacturers of cars and household appliances to open plants for assembly and partial manufacture in Europe.

During 1951, world supply of newsprint, wood pulp and round wood for pitprops was such that Turkey could not obtain its entire requirements from its traditional suppliers, the Scandinavian countries. Now that the United Kingdom and other countries have established ceiling prices for paper and pulp, some of the pressure of demand on Scandinavian supplies has been removed. The opportunities for Canadian business in 1952 are correspondingly reduced.

Of ECA funds, \$6.2 million have been allotted for agricultural machinery, somewhat lower than the \$8.3 million last year. Because of the large number of tractors imported from Europe during the past year, Mutual Security Agency authorities have decided that no tractors will be imported from the U.S. or Canada. The total amount will go towards combine-harvesters, tillage and seeding equipment, D.D.T. and certain specialties.

The spares problems resulting from the great number of different makes of tractors imported over the last two years is beginning to cause concern. Over 25 different makes have been imported, most of them in small quantities by importers who have little regard for anything except the initial sale. The Government is now taking definite steps to greatly expand the number of maintenance and repair shops throughout the country and to train personnel.

The Import Picture

Canadian imports from Turkey in 1951 followed a similar pattern to that of 1950, the only noteworthy changes being the new item of manganese ore to the value of \$265 thousand, and the decrease of about half in the amount of raw wool used for carpetmaking. The increase in total imports by almost \$480 thousand comes from the new business in manganese ore and the greater amount of walnuts and filberts bought from Turkey.

Item	1951	1950
Nuts	528,545	365,745
Chrome ore	419,853	409,964
Figs, dried	275,738	281,563
Manganese oxide	265,188	....
Tobacco, unmanipulated	103,996	91,626
Wool, raw	61,582	116,374
Seeds	24,845	7,842
Acids	21,941	....
Hair of camel, alpaca, goat	21,843	....
Sponges (marine)	10,645	810
Settlers' effects	10,570	....
Skins	6,493	....
Carpets, oriental	4,303	624
Others	1,921	5,539
	1,757,463	1,280,087

The first quarter of 1952 shows Canadian imports from Turkey up by nearly \$260 thousand over the same period last year. September through March are traditionally the busiest months for shipment of Turkish products, so it is difficult to judge whether the trend will continue.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.



Brewers at Olympia

Everything that goes into the production of beer and everything that beer goes into—that, in their phrase, describes the Brewer's Exhibition to be held at Olympia, London, November 24 to 28. Maltsters, coopers, bottle-makers, makers of conveyors and of filtration units—all will be exhibiting.

The "Bottled Beer" competition features a special class for beers made in the Commonwealth. Canadian brewers are eligible and several firms have already entered. Other interesting contests include one for the best malting barleys, a second for "hops of the year", and a third for wines made within the Commonwealth.

Report on Basle

Figures on the Swiss Industries Fair, Basle, which closed on April 29, added up to a most encouraging total. Some 2,200 exhibitors sponsored displays, covering almost the entire range of Swiss production. The Foreign Visitors Office reported 14,347 visitors from 74 countries, including several important commercial delegations from other European nations and from overseas. Visitors from abroad displayed greatest interest in exhibits of watches, textiles, textile machinery, precision and optical instruments, machine tools, and electrical equipment. Business was particularly brisk for the machine tool and watchmaking industries.

Sweden Makes Concessions

There is good news for Canadians who wish to exhibit at Sweden's international trade fair (the St. Eriks Fair) to be held in Stockholm August 23-September 7. The Trade and Industry Commission has guaranteed to Canadian exhibitors import licences to a maximum of Sw. kr. 700 (about \$133 Canadian) per square metre of space taken. Three conditions are attached to this offer: all costs must be paid in Canadian dollars; the booth must bear the name of the Canadian company, and it must be looked after by a Swedish agent.

Basic cost of participation at this St. Eriks Fair, now ten years old, comes to Sw. kr. 50 per square metre of space, and the smallest booth

available measures 3 x 3 metres. Some 25 countries are usually represented. Canadian companies interested in introducing their products, in a limited way, through orders booked at the fair should write to the Commercial Secretary, Canadian Legation, Stockholm, Sweden.

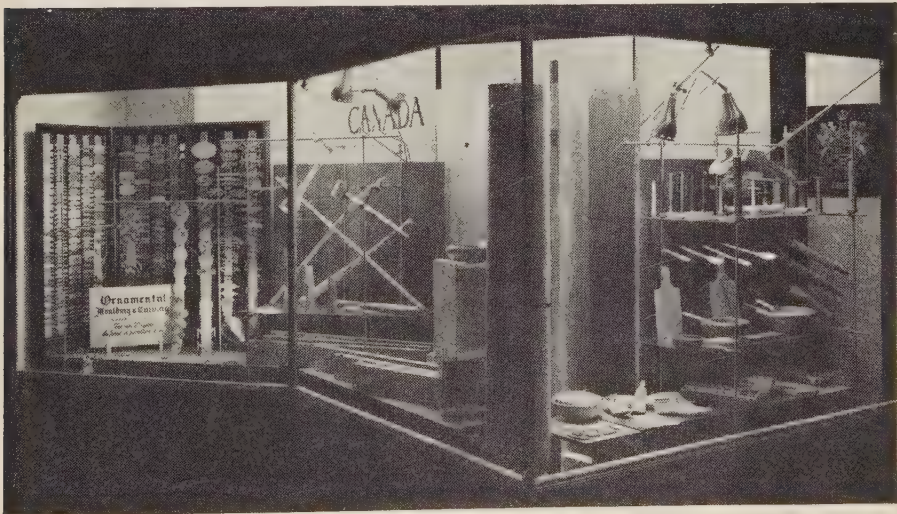
European Fairs

The following are a few of the more important international trade fairs to be held in Europe in September:

Royal Netherlands Industries Fair, Utrecht	September 2-11
Strasbourg, France	September 6-21
Vienna, Austria, Autumn Fair	September 7-14
Leipzig, Germany	September 7-17
Salonika, Greece	September 7-28
Ghent, Belgium	September 13-28
Lausanne, Switzerland	September 13-28
Zagreb, Yugoslavia	September 13-28
Marseilles, France	September 13-29

Shoes on Parade

Utrecht, The Netherlands, will play host to an International Shoe and Leather Fair from July 21-25. Already 216 firms from all parts of the world have registered for the Fair, including makers of shoes, hide and leather dealers, shoe machinery and leatherware manufacturers, etc. For further information on this fair, write the Commercial Counsellor, Netherlands Embassy, 168 Laurier Ave. E., Ottawa.



This display of Canadian wood and wood products, arranged in one of the large windows fronting on the hall of the International Trade Mart, New Orleans, is attracting much attention. The Canadian Consulate and Trade Commissioner Office is housed in this building.

Merchandising Methods in Israel

Strict import controls, bulk buying, and difficulties in undertaking advertising have retarded development of modern selling methods.

by T. J. Monty
Commercial Secretary for Canada

ATHENS—Merchandising methods in Israel have not developed as one might expect in a growing and progressive country whose population has doubled since 1948. A number of factors have contributed to this static condition.

Israel today enjoys a seller's market which will undoubtedly persist for many years. It comes from mass immigration, a severe shortage of foreign exchange, an adverse balance of trade resulting in strict import controls, expansion of exports at the expense of domestic consumers, severe rationing of foodstuffs and clothing, and shortages of many essential commodities.

The setup of both foreign purchasing and wholesale and retail marketing presents another difficulty, divided as it is between the Government and its official purchasing agencies both in Israel and abroad, the powerful co-operative movement, and private enterprise.

Advertising

The diversity of language among immigrants gathered from all over the world has limited the use of normal channels of advertising—newspapers, periodicals, radio, cinema, public transport, walls and buildings, neon signs, etc. Naturally, this lack of advertising has helped to hold back the growth of modern merchandising methods. In addition, the supply of newsprint is critically short. There are 11 daily newspapers published in Hebrew, two in German, and one each in English, French and Hungarian. Then there are a host of semi-weekly publications in most European languages as well as in Hebrew. However, the circulation of most of these is limited and they take the form of broadsheets no larger than handbills. Advertising in Israel has to reach the public in several languages and through a relatively large number of newspapers and this fact frequently discourages its use.

However, business and trade organization magazines and a permanent exhibition of Israeli products, organized by manufacturers' associations, are used as advertising media.

Merchandising Methods

In the socialistic, and therefore to a large extent controlled, economy of Israel, traditional laws of supply and demand are no longer effective. The larger part of Israel's imports are obtained directly by the Government or by the numerous co-operatives—consumer, agricultural, industrial and transport—through approved suppliers or purchasing missions with con-

nections in the main supplying countries. Smaller private enterprises rely on the individual importer and commission agent. On the local market, the collection, distribution and marketing of products is carried out through agencies of the co-operative movement, or through private wholesale and retail outlets.

Industry appears to be largely in the hands of private enterprise but many industrial undertakings are owned jointly by national, co-operative and private organizations. Though there are a number of large undertakings in the country, the majority are on a small workshop basis and employ numerous individual craftsmen.

Tastes, customs and habits vary considerably among the various sectors of the population, depending on the country of origin of the individual immigrants. Given a stable economy with normal trading conditions, there would be unlimited scope for the enterprising businessman or trader to satisfy the people's many needs and to stimulate those needs by advertising. As conditions are at the moment, however, with restricted imports and bulk buying, shortage of raw materials, producers, traders and consumers are confined to narrow limits and must take what is available. To the commodity-starved population, with too much money chasing too few goods, accentuating the pace of inflation and the cost of living, the desire to possess seems to override the sounder deciding factors of price, quality and utility.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. H. Palmer, Consul General of Canada and Trade Commissioner in Manila since 1949, began his tour in Vancouver on June 15. His itinerary is:

Saint John—July 16

Halifax—July 18

R. E. Gravel, formerly Commercial Secretary for Canada in Lima, Peru, will become the first Canadian Government Trade Commissioner at Ciudad Trujillo, Dominican Republic. On May 8 he began a tour of Canada before taking up his appointment in the autumn. His detailed itinerary is:

St. John's—July 14-16
Halifax—July 17-18

Saint John—July 21
Fredericton—July 22

Businessmen can reach these officers through the Chamber of Commerce in Fredericton; Boards of Trade in Halifax and Saint John; the Department of Trade and Commerce in St. John's (Stott Bldg.).

General Notes

BURMA

Improve Harbour—A \$712 thousand pipeline suction dredge from Japan has been made available to the Government of the Union of Burma from American aid funds. The dredge was towed from Japan to the port of Akyab, where it will be used to widen and deepen the docking waters and harbour channels to enable ocean-going vessels to enter the port and load rice cargoes—Bombay, June 6.

CHILE

Trade with Western Germany—Because of concessions granted by the Western German Government in the matter of freedom from import licences or fixing of quotas, exports from Chile have increased considerably. These include copper and 159 thousand cases of apples which are competing very well with similar products from other countries—Santiago, June 8.

JAPAN

Import Plan—Plans recently drafted by the Ministry of International Trade and Industry provide for the import of commodities valued at \$2,252 million in the fiscal year ending March 31, 1953. The total consists of \$1,066 million from dollar areas, \$785 million from the sterling area, and \$401 million from open account countries—Tokyo, May 25.

INDONESIA

Air and Rail Transport—The Indonesian Government plans to take over all railway companies operating in the Republic, it is reported. Since the transfer of sovereignty from the Netherlands, railways have come under direct government control and are subsidized by the State. However, ownership has remained in private hands.

It is also reported that the Government is negotiating with KLM (Royal Dutch Airlines) on plans to change the contract under which KLM operates Garuda Indonesian Airways. It is anticipated that the duration of the contract will be shortened and that Garuda, which is now owned jointly by KLM and the Indonesian Government, will be taken over completely by the State—Singapore, May 30.

SOUTH AFRICA

Supplementary Budget Revision—Supplementary estimates chargeable against revenue and loan funds in the sum of £10 million raises governmental expenditure for the year 1952-53 to £282.9 million, of which £206.9 million will be met from current revenue. The supplementary accounts include an item of £600 thousand for overseas purchases of maize, and a £740 thousand loan to the Industrial Development Corporation earmarked for the purchase of mineral rights to ensure an orderly exploitation of the phosphate deposits—Cape Town, June 2.

Trade Deficit Increases—The more vigorous import control policy, effective on January 1, 1952, to restrict the value of imports during the calendar year by £60 million has not as yet shown concrete results. Imports of £157 million in the first four months of the year were £19 million higher than in the corresponding period of 1951. With three months of grace allowed on 1951 import licences, no curtailment during the first quarter was anticipated, but imports to the value of £41·3 million—£4·6 million higher than in the similar month of last year—are causing concern. Exports have declined and in the first four months had a value of £114·6 million or about £10 million less than in the similar period of 1951—Cape Town, June 2.

Larger Harbour for Cape Town—Extensions to Cape Town harbour, costing about £10 million, will begin shortly. Proposed improvements include a new and larger outer breakwater, realignment of harbour entrances to permit use in all weathers, segregated docks for dangerous cargoes, a separate terminal fuel oil depot, additional deep-sea berths and further railway siding facilities, cranes and cargo-moving equipment—Cape Town, June 2.

Co-operative Movement Grows—Between 1941 and 1950 the number of registered Co-operative Associations increased from 246 with a membership of 147 thousand to 415 with a membership of 308 thousand. Reserves and unappropriated profits have increased from £3 million to £14·6 million, according to the first annual report of the registrar.

Agriculture has been a fertile field for co-operatives, and 243 associations are registered. Aggregate turnover reported by the co-operatives during the year ended June 30, 1949, was £118·9 million, of which £111·2 million was controlled by the 243 agricultural co-operatives. The turnover by the 172 consumers' associations amounted only to £7·7 million. Wine and tobacco co-operatives control more than 50 per cent of the reserves—Cape Town, June 2.

THAILAND

Hydro-Electric Projects—The Thai Government plans to request a loan of US\$25 million from the World Bank for construction of two hydro-electric power plants. A survey of water resources has been undertaken by the Royal Thai Irrigation Department to determine potential hydro resources. Where no waterpower is available, lignite power plants will be built in Northern and Southern Thailand, according to present plans. It is hoped that enough plants can be built to permit a grid electric system—Singapore, May 30.

UNITED KINGDOM

Imports—United Kingdom imports in May were down to £320·4 million from £325·5 million in April, although the latter month contained three fewer working days. The excess of imports over the total exports was £84·7 million, compared with an average of £76·8 million in the first four months of the year—London, June 13.

Colombia's Soft Drink Industry

by W. J. Millyard
Canadian Government Trade Commissioner

BOGOTA—The soft drink industry in Colombia, the trade estimates, currently has a volume of approximately twenty million cases a year, a 300 per cent increase since 1939. The famous brand names such as Coca Cola, Pepsi Cola, and Canada Dry are household words and these companies have branch plants operating in the principal cities of the Republic. Coca Cola is especially prominent with plants in nine cities, all owned by local businessmen. The parent company in the United States supplies only the syrup.

The largest soft drink operation in the country, however, is that of two domestic companies with joint ownership—Posada Tobon S.A., and Gaseosas Colombianas S.A. Together they turn out about 15 million cases a year of soda water and sundry fruit-flavoured carbonated drinks. Their best known brand names are "Popular", "Postòbon", "Leona Pura", and "Bretana". There are also well over a hundred small independent bottlers established in every section of Colombia.

Many Materials Imported

The sugar and carbon come largely from sources within Colombia but the flavours and extracts, all the white glass bottles, and a portion of the crowns have to be imported. However, some of the crowns are made in the Republic but the quality is rather poor because the tin plate that is imported to make them is low-grade. All the cork used in the crowns is imported in sheets, principally from the United States, ready to be cut to size. Sugar is bought from Colombian producers and at present costs only about two cents a pound. The duties on white bottles are very high because every effort is made to encourage the use of locally-made bottles. As a result, the laid-down cost of imported bottles runs as high as 15 cents each.

The internationally known brands maintain the same high standards of quality as in Canada and have done such effective advertising by press, radio and billboard that they are known in all parts of the country. Their selling price is competitive with domestic types and soft drinks of all kinds retail for from four to six cents a bottle, depending on the location and its relative distance from the bottling plant.

Distribution is chiefly by truck, despite the poor condition of most of the roads. Theoretically, *per capita* consumption should be highest in the hot, low-lying coastal towns. This theory does not hold true. Bogota, at an altitude of 8,600 feet and with a temperate climate, provides the best soft drink market. The reason is probably that in the tropical areas fresh fruit drinks can substantially undersell bottled beverages.

Colombia still offers a good opportunity for the expansion of the soft drink industry and, as the standard of living continues to rise, the demand for bottled drinks should also increase.

Commodity Notes

BRAZIL

Nylon—Nylon will be manufactured in Brazil by the Cia. Quimica Rhodia Brasileira of São Paulo, according to press reports, which state that the E. I. Dupont de Nemours Company has granted its patent rights for the manufacture of nylon to the company, although no exclusive rights have been conceded. Dupont will go on selling nylon in Brazil through its subsidiary, Duperial—São Paulo, June 5.

Textile Cellulose—Forty thousand tons of textile cellulose a year will be turned out by an affiliate of Snia Viscosa, an Italian chemical and textile firm, which will set up a plant in São Paulo. Nitro Quimica Brasileira, makers of rayon and explosives, will boost output of high tenacity rayon for tires to 15 million pounds a year—São Paulo, June 5.

Glass—A glass factory will be built in Porto Ferreira, São Paulo, covering an area of 50 thousand square meters. The modern equipment acquired in Belgium will enable the factory to produce flat glass, both plain and decorated. Approximately 400 workers will be employed by the new industry—São Paulo, June 5.

NEW ZEALAND

Wool—New Zealand's wool cheque for the current season is now expected to reach about £64 million—£8 million more than an earlier estimate made before the belated recovery in auction prices. The average price for the season's clip is now calculated at 42d. a pound, less than half of last year's phenomenal average of 88d. The lower prices have meant a sharp drop in the Dominion's dollar earnings for the year—\$24.6 million compared with \$49½ million last year—Wellington, June 4.

Sheepskins—A stronger tone for wool was reflected in a marked improvement in value for both dry and salted sheepskins at the Auckland auction on April 29. Hide prices also recovered slightly. Full-woolled dry sheepskins sold up to 25½d. a pound, compared with 17d. on April 1. Full-woolled salted sheepskins made up to 17/3d. per skin against 13/-d. on April 16—Wellington, June 4.

NORTHERN RHODESIA

Minerals—Total value of Northern Rhodesia's mineral output in 1951 was a record £71 million, an increase of nearly £22 million over the 1950 total. The output of electrolytic copper totalled 103 thousand tons worth £21 million, compared with the 77 thousand tons valued at £12.7 million in 1950. Blister copper production was 205 thousand tons, the highest since 1940, and was valued at nearly £41 million. Zinc totalled 22 thousand tons valued at £5 million; lead, 13 thousand tons worth £2 million, and cobalt alloy 36 thousand cwt. valued at £1 million—Johannesburg, June 18.

PAKISTAN

Railway Carriages—Railway passengers will soon travel in greater comfort. The Ministry of Communications has placed orders in France for 235 carriages and in Japan for 45, all of the most modern design. Plans are being concluded to order an additional 209. France will supply 122 broad-gauge coaches, ten of them air conditioned, and 113 metre-gauge, lightweight, all-steel coaches for the North Western Railway and the Eastern Bengal Railway respectively. Delivery is to begin in October 1952, and is expected to be completed by June 1953:

An order for 45 metre-gauge passenger carriages for the Eastern Bengal Railway has been placed in Japan, delivery to be completed by November 1952. In addition, tenders have been called for 123 broad-gauge lightweight carriages for the North Western Railway and 86 metre-gauge lightweight carriages for the Eastern Bengal Railway—Karachi, June 6.

SCOTLAND

Sulphuric Acid—Arrangements have been completed for a plant in Whitehaven to manufacture high-grade sulphuric acid from anhydrite. Cost will be £2 million. Anhydrite is said to exist in large quantities on this site. Initial output of sulphuric acid will be 75 thousand tons a year starting in 1954, with the possibility of doubling the plant later. Cement or cement clinker is a co-product of this process (a tonnage roughly equivalent to that of the acid) and marketing arrangements for it are being considered—London, May 26.

SOUTH AFRICA

Wool—The total quantity of wool offered for sale at all ports in South Africa between June 1, 1951 and April 30, 1952, was 792,992 bales compared with 734,548 bales during the corresponding period last season, according to the monthly report of the South African Wool Board. During this period the United Kingdom bought 141,224 bales, France 90,935, the United States 86,403, Italy 73,463, and Germany 59,310. China bought 118 bales of scoured wool. During April of this year (the latest figures available) 55,685 bales of wool, excluding karakul, were offered for sale at various ports in the Union compared with 47,971 bales during April 1951. Offerings of karakul wool in April were 6,469 bales compared with 7,291 bales in the same month last year—Johannesburg, June 18.

Diamonds—Because of the £4 million increase in diamond exports and an increase of £3·7 million in re-exports, South Africa's total export fell by only £5 million in spite of a £13 million decline in the value of wool exports during the first quarter of 1952. Demand for gem and industrial diamonds from the central selling organization of the De Beers Group has been well maintained with total sales amounting to £18·9 million, comprising gem stones £13·1 million and industrial stones £5·8 million—Cape Town, April 30.

United States Announces Import Controls

WASHINGTON, D.C., July 3, 1952—FTS—In a press release today, the United States Department of Agriculture issued details of its import control program under Defence Food Order 3 for the period July 1, 1952-June 30, 1953, as authorized under Section 104 of the Defence Production Act, as modified.

The modified Section 104 provides that import controls may be exercised by types or variety of a commodity or product. It gives the Secretary of Agriculture authority to increase by as much as 15 per cent the import quotas established for each type or variety of a commodity when he deems such action necessary, taking into account the broad effect on international relationships and trade. The modification does not change the three basic standards that the Secretary must use in making the initial determination of the need for and extent of import controls, i.e., the effects of imports (1) on domestic production, (2) on marketing and storage, and (3) on price support programs.

Under the program announced today, the following types of cheese are being freed from import controls: Emmenthaler or Swiss with eye formation, Gruyere process, Roquefort, and all of the varieties of cheese formerly controlled in Class VIII, except those varieties containing or processed in whole or in part from Cheddar, Blue Mold, Edam, and Gouda. This action on Class VIII cheese releases from control more than 90 per cent of the volume of cheese included in this class.

Also removed from import controls are: rice meal, rice flour, rice polish, rice bran, and rice starch; and flaxseed screenings, flaxseed scalplings, flaxseed chaff, and flaxseed scourings.

Imports of the varieties of cheese remaining under control in Class VIII will be limited in the period July 1, 1952-June 30, 1953, to the quantity imported in calendar year 1950. The quota for Italian type cheese in original loaves during 1952-53 has been established at 20 million pounds, for Blue Mold cheese at three million pounds, and for Edam and Gouda cheese (combined) at three million pounds. These quotas are somewhat higher than the permitted rate of imports in the 1951-52 control period.

The import quota for Cheddar cheese for 1952-53 has been established at an annual rate of 8.5 million pounds. This quota is about equal to the annual rate of Cheddar cheese imports authorized during the 1951-52 period.

The import quota for casein has been established at an annual rate of 40 million pounds. The new quota has been reduced approximately 25 per cent as compared with last year's quota. However, the quota should be adequate to take care of the anticipated imports during the 1952-53 period.

Import authorizations for cheese and casein will be issued to individual importers as promptly as possible. Under the initial authorizations importers generally will be allowed to import approximately one-third of their annual quota in the first four months of the 1952-53 period.

The Department also announced that controls have been established on imports of malted milk compounds or substitutes for milk or cream. It was explained that this control is necessary as an adjunct to the control on imports of butter. There has been in recent months a significant increase in imports of high butterfat content products in this category as well as substantial imports of such products not formerly imported, which have the same use as butter. Therefore, effective immediately, imports of malted milk and compounds may only be made on the basis of individual licences issued by the Department. Applications will be approved for products which can be determined by the Department not to have the same use as butter. Those products which, because of their butterfat content, have the same use as butter, such as in the manufacture of ice cream, will not be approved for entry.

As required by the law, the Secretary will continue to review the situation affecting commodities included under Section 104 and it may be necessary from time to time to place additional commodities under control, to change the degree of control, or to release controls. In making these reviews, particular attention will be given to the effects of imports of particular types and varieties of cheese on domestic types under the three criteria specified in the law.

Individual authorizations for cheese imports will continue to be established by country of origin.

The Department also announced a revised formula for determining the quantities of cheese that each importer will be authorized to bring in during the period July 1, 1952-June 30, 1953. Last year importers' authorizations were based on their average imports during the three years 1948-50. Adjustments were made for importers who did not begin to import until after 1948.

In 1952-53, the national quotas for each class of cheese will be apportioned among individual importers on the basis of the proportion of the U.S. total which was imported by each importer in 1950, with allowances made for any greater proportion imported by such importers during the two-year period 1949-50 or the three-year period 1948-1950. In the case of importers who did not begin importing cheese in commercial quantities until after January 1, 1951, their imports up to August 8, 1951, will be treated as if they had occurred in 1950.

In determining individual cheese import authorizations for 1952-53, unused remainders from 1951-52 will not be considered, and imports during the 1951-52 control period in excess of authorized quantities will be deducted from authorizations for 1952-53 of the importers concerned.

The Department also pointed out that importers may now bring cheese, casein, broken rice, registered or certified flaxseed and rice for planting, and malted milk compounds into a bonded warehouse in the United States or into U.S. foreign trade zones without obtaining previous authorization from the Department. Importers are thus free to place in such storage any shipments of these products arriving within the next few days and before import authorizations are received. Department officials cautioned that importers bringing in these products with the intention of obtaining authorization later for entry into U.S. consumption do so at their own risk. The presence of commodities in a bonded warehouse, a foreign trade zone, or otherwise under Customs custody will not be a basis for relief from hardship.

For all commodities or products subject to control other than those listed in the preceding paragraph, import authorization issued in advance by the Department will continue to be required before any such commodities or products may be brought into a bonded warehouse in the United States or into U.S. foreign trade zones.

The controls which were in effect during the 1951-52 control period on butter, butter oil, flaxseed (except screenings, scalpings, chaff, and scourings) linseed oil, nonfat dry milk solids, peanuts, and rice (except meal, flour, polish, bran, starch) continue without change.

Trade and Tariff Regulations

British Guiana Prohibits Imports of Crown Corks

Port of Spain, June 27, 1952—FTS—The Controller of Supplies and Prices, British Guiana, advised importers on June 21 that the issuance of import licences for crown corks on hard currency sources has been discontinued because supplies are now available from the United Kingdom.

British Guiana Establishes Footwear Quotas

Port of Spain, June 27, 1952—FTS—The Controller of Supplies and Prices, British Guiana, in a notice of June 20 advised quota holders that quotas have been established for the importation of women's and children's footwear (other than canvas and rubber) from North America for the second half of 1952.

Chile Reinstates Import Permits

Santiago, June 16, 1952—FTS—The system of import permits has been reinstated for all imports into Chile, it is announced. The necessary decree has been signed by the Minister of Economy and awaits the approval of the Controller General before being passed to the Official Gazette for publication.

A list of goods which might be imported without prior permits was established by the Chilean Foreign Exchange Budget for 1951. Although exchange difficulties led to suspension of such imports from the dollar area in July 1951, the system was re-established by the 1952 Budget. A severe exchange shortage again led to its suspension from April 24, 1952.

Costa Rica Requires Certificates for Packing Materials

A recent regulation of the Costa Rican Ministry of Agriculture and Industry states that imports of packages, cases or other receptacles packed in hay, straw or other forages will not be permitted unless accompanied

by a certificate of disinfection. The disinfectant especially recommended for fumigation is a mixture of 20 c.c. of potassium permanganate and 16½ ounces of formaline for each 1,000 cubic feet of material to be disinfected. The certificate must guarantee the act of disinfection, indicate the type of disinfectant used, and bear the appropriate declaration of an official veterinary in the country of origin.

Pakistan Increases Import Duty on Cotton Piece Goods

Karachi, June 26, 1952—FTS—The Government of Pakistan has announced increased duties on imports of cotton piece goods, effective June 25.

The effect of the notice is to enhance the import duties to 60 per cent for printed and non-printed cotton piece goods imported from all countries except the United Kingdom. The previous duty was 30 per cent on non-printed varieties and grey cloth, and 36 per cent on printed varieties.

For imports of United Kingdom origin, the duty on non-printed varieties and grey cloth is increased from 25 to 55 per cent ad valorem and on printed varieties from 30 to 54 per cent.

United States Reimposes Tariff on Lead

Washington, June 25, 1952—FTS—The President today signed a proclamation reinstating, effective June 26, the tariff on lead.

The reimposed rates of duty, which have been suspended since February 11, 1952, are ¾ cents per pound on lead content of lead-bearing ores, flue dust, and mattes, under tariff paragraph 391; and 1 ⅙ cents per pound on lead content of lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial scrap lead, type metal, Babbitt metal, solder, and alloys or combinations of lead, under tariff paragraph 392.

This action was taken in accordance with Public Law 257 which provides that the suspension of the duties on lead shall be terminated when the average market price of lead for any one month has been below 18 cents per pound.

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

India Amends Open General Licence

NEW DELHI, June 19, 1952—FTS—Import trade control policy for the licensing period July-December 1952, announced by the Indian Ministry of Commerce and Industry on June 16, includes a new Open General Licence, No. 24, replacing O.G.L. No. 23 which expired on June 30, 1952.

O.G.L. No. 24 continues the general permission given to all persons to import into India from any country (except the Union of South Africa) goods comprised in a lengthy schedule. The list, for the most part, is the same as that attached to O.G.L. No. 23. There are, however, a few additions, some important deletions, and several transfers of goods to O.G.L. No. 25, available only to soft currency countries.

The principal additional commodities which now will be admitted under O.G.L. from all countries (except South Africa) are:

- Ferro-chrome
- Copper, unwrought; ingot bars
- Aluminium in crude form; wire rods for the manufacture of electrical conductors
- Pyrometers
- Flexible metallic tubes designed as a part of a transmission system; paper insulated power cables; high tension insulators
- Electric carbons
- Card clothing and card accessories
- Machine cloth
- Chemicals: barium carbonate, methyl amyl acetate
- Electric apparatus: heating elements, soldering irons, hearing aids and parts thereof
- Stereo flongs.

Commodities no longer admissible under O.G.L., and therefore subject to individual licence for shipments after June 30 from both dollar and soft currency countries, include:

- Fish, fresh and/or frozen
- Fish, canned
- Butter, cheese and ghee
- Powdered milk containing not less than 18 per cent cream, intended for infant feeding (item IV-9)
- Powdered milk containing not less than 18 per cent cream intended for infant feeding (bulk packing) (item IV-80)
- Milk, condensed or preserved, including milk cream not otherwise specified
- Milk foods for infants
- Farinaceous and patent foods, canned or bottled, excluding milk foods for infants and also excluding breakfast foods (wheat flakes, corn flakes, processed oats and pearl barley)
- Barley
- Oil cakes
- Staple fibre
- Antimony ingot, regulus and star metal
- Steel earthwire for electric installations
- Iron or steel wire chain link fencing
- Unmachined iron castings in all forms
- Ball bearings exceeding 1" in bore (internal) diameter
- Component parts of ball bearings exceeding 1" but not exceeding 2" in diameter
- Door locks (not padlocks)
- Joint adapters, nippers
- Hand tools, viz., glass cutters, emery wheel dressers, files, rasps
- Spare parts for diesel engines; cylinder liners and pistons
- Rolling rolls for steel works (whether of cast iron, cast steel or forged)

Specified articles of laboratory-ware and of hardware, including hand sewing needles and fishing hooks
 Asbestos diaphragms
 Cigarette paper
 Rubber-covered conveyor belting
 Drugs and medicines (in pure form or as preparations thereof) under eleven classifications, including all forms of bottled penicillin and its preparations
 Aluminum powder and paste.

Commodities previously under O.G.L. from all countries (except South Africa) and now subject to individual licence when imported from dollar countries include:

Lead, wrought, including pipes, tubes, foil, wire and sheet (including sheet for tea chest)
 Antimonial lead in the ingot and wrought form, including pipe, tube and sheet
 Aluminum circles, sheets, and other manufactures not otherwise specified
 Hand tools, viz., hacksaw blades, tube expanders, and all hand saws except fret or piercing saws
 Tools and cutters tipped with tungsten carbide, solid or inserted type, and tungsten carbide tips
 Woodworking tools: saws only
 Needles for sewing machines
 Fishing hooks and fishing line
 Bifurcated rivets and tinmen's rivets
 Iron or steel wire rope and wire strand
 Iron or steel wire staples (excluding machine staples) and certain boot and shoe grindery
 Iron or steel chains
 Forged steel balls (in unmachined condition) of sizes above $\frac{3}{16}$ " diameter; steel balls of sizes above $\frac{3}{16}$ " diameter (in machined and polished condition)
 Forged steel balls (in unmachined condition) of sizes above $\frac{3}{16}$ " diameter (in machined and polished condition)
 Tallow
 Cork manufactures not otherwise specified
 Explosives, specified kinds
 Rubber pressure and vacuum tubing
 Industrial diamond in powder form
 Polystyrene, polydichlorstyrene
 Polyvinyl acetate, polyvinyl butyral, polyvinyl moulding powders
 Urea formaldehyde moulding powder
 Thermoplastic moulding powder
 Casein
 Drugs and medicines (in pure form or as preparations thereof) under twenty classifications, including arsenical preparations for treatment of venereal disease.

Admission under O.G.L. 24 requires that the goods shall have been shipped on through consignment to India on or before March 31, 1953, without any grace period whatsoever.

MARITIME FISHERMEN PROTECTED

When Maritime fishermen complained that trawlers from Portugal, Spain, France, and possibly Italy were fishing inside the three-mile off-shore limit of our territorial waters, Canada decided to enforce an old law strictly, beginning July first. This Act, passed in 1894 and known as the Customs and Fisheries Protection Act, bars foreign fishing vessels from entering Canadian ports and then restocking there. Such vessels can, of course, come in to port in an emergency.

Foreign Trade Service Aboard

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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Peru Bolivia	Acting Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	Mail: Casilla 1212 Cable: CANADIAN Tel.: 39150

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South Africa Natal, Transvaal) Southern Rhodesia, Northern Rhodesia, Nyasaland, Portuguese East Africa, Kenya, Tanganyika, Uganda, Zanzibar	C. B. Birkett, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 715 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2628
South Africa Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	K. F. Noble, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
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Nominal Foreign Exchange Quotations

The following nominal quotations may prove useful in checking prices or considering statistics.

Importers and exporters are, however, urged to check with their banks before making any financial arrangements for the purchase and sale of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations June 30	Nominal Quotations July 7
Argentina.....	Peso.....	Basic Ex.	.2977	.1947	.1924
Austria.....	Schilling.....	Free	.2085	.0701	.0692
Australia.....	Pound.....	Export	3.2240	2.1690	2.1440
Belgium and Belgian Congo.....	Franc.....		.0228	.0193	.0191
Bolivia.....	Boliviano.....		.0238	.0162	.0160
British West Indies (except Jamaica).....	Dollar.....		.8396	.5648	.5583
Brazil.....	Cruzeiro.....		.0544	.0526	.0520
Burma.....	Rupee.....		.3022		
Ceylon.....	Rupee.....		.3022	.2045	.2020
Chile.....	Peso.....		.0233	.0078	.0078
Colombia.....	Peso.....		.5128	.3895	.3848
Costa Rica.....	Colon.....		.1800	.1738	.1717
Cuba.....	Peso.....		1.0000	.9737	.9619
Czechoslovakia.....	Koruna.....		0.2000	.0194	.0192
Denmark.....	Krone.....		.2084	.1410	.1393
Dominican Republic.....	Peso.....		1.0000	.9737	.9619
Ecuador.....	Sucre.....		.0740	.0649	.0641
Egypt.....	Pound.....		4.1330	.0563	.0056
El Salvador.....	Colon.....		.4000	2.7962	2.7621
Fiji.....	Pound.....		3.6306	.3895	.3847
Finland.....	Markka.....		.0062	2.4426	2.4144
France, Monaco and French North Africa.....	Franc.....		.0037	.0042	.0042
French Empire—African.....	Franc.....		.0073	.0027	.0027
French Pacific Possessions.....	Franc.....		.0201	.0056	.0055
Germany.....	Deutsche Mark.....		.3000	.0153	.0152
Guatemala.....	Quetzal.....		1.0000	.2318	.2290
Haiti.....	Gourde.....		.2000	.9737	.9619
Honduras.....	Lempira.....		.5000	.1947	.1924
Hong Kong.....	Dollar.....		.2519	.4869	.4809
Iceland.....	Krona.....		.1541	.1695	.1675
India.....	Rupee.....		.3022	.0598	.0590
Iran.....	Rial.....		.0212	.2045	.2020
Iraq.....	Dinar.....		4.0300		
Ireland.....	Pound.....		4.0300	2.7112	2.6800
Israel.....	Pound.....		3.0000	2.7112	2.6800
Italy.....	Lira.....		.0017	2.7112	2.6800
Jamaica.....	Pound.....		4.0300	.0015	.0015
Japan.....	Yen.....		.0028	2.7112	2.6800
Lebanon.....	Piastre.....		.1561	.0027	.0026
Mexico.....	Peso.....		.1157	.1126	.1112
Netherlands.....	Florin.....		.3769	.2562	.2531
Netherlands Antilles.....	Florin.....		.5308	.5163	.5100
New Zealand.....	Pound.....		4.0150	2.7112	2.6800
Nicaragua.....	Cordoba.....		.2000	.1947	.1924
Norway.....	Krone.....		.2015	.1363	.1347
Pakistan.....	Rupee.....		.3022	.2943	.2907
Panama.....	Balboa.....		1.000	.9737	.9619
Paraguay.....	Guarani.....		.3200		
Peru.....	Sol.....		.1538	.0621	.0613
Philippines.....	Peso.....		.4975	.4869	.4809
Portugal and Colonies.....	Escudo.....		.0400	.0039	.0034
Singapore.....	Straits Dollar.....		.4702	.3163	.3127
Spain and Colonies.....	Peseta.....	Off. Free Mkt. Ex.	.0916	.0252	.0243
Sweden.....	Krona.....		.2783	.1882	.1859
Switzerland.....	Franc.....		.2336	.2261	.2232
Thailand.....	Baht.....		.1000		
Turkey.....	Lira.....		.3571	.3478	.3435
Union of South Africa.....	Pound.....		4.0300	2.7112	2.6800
United Kingdom.....	Pound.....		4.0300	2.7112	2.6800
United States.....	Dollar.....		1.0000	.9737	.9618
Uruguay.....	Peso.....		.6583	.6410	.6332
Venezuela.....	Bohvar.....		.2985	.2907	.2871
Yugoslavia.....	Dinar.....		.0200	.0032	.0032

* September 17, 1949.

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CANADA

French Production in 1951 (page 2)





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51, as did output in most
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ench Information Service

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French Production in 1951

French industry chalked up a new production record in 1951, but high costs still make competing in exports markets difficult.

by James P. Manion
Commercial Counsellor for Canada

PARIS—In 1951, the index of French industrial production rose to 138 (1938=100)—the highest level ever attained. The increase over 1950 was about 12 per cent. In both years, however, progress was evident throughout the 12 months. In the last quarter of 1950, figures attained an average of 133; in 1951, they surpassed the yearly average by eight points, standing at 145. The lowest month (as usual) was August, when paid holidays are the rule; the index fell then to 113. There were no serious strikes during the year so that, except for August, production never went below 133.

This progress was not evenly distributed. Production of energy increased to 148 and that of capital equipment goods to 147. The consumption goods average, however, rose to only 121. A much larger proportion of consumer goods was exported than in the base year so that, in effect, the increase in production did not immediately benefit the consuming public.

Greatest progress was made in petroleum products, output of which rose to 282 per cent of 1938 levels. Rubber production came next with an index of 200, and electricity and natural gas came close after with 182 and 180. The chemicals, glass and metals industries came next. The lowest indexes were in the consumer goods sector. The leather and edible oil industries were well below their 1938 levels, standing at 73 and 86. The textile industry was relatively slow, standing at 115. The construction industry stood at only 120, showing the tardiness with which the housing problem is being tackled.

Raw Material Costs

As in 1950, the shortage and high prices of raw materials adversely affected the economic situation. Most raw materials (except iron ore and coal) had to be imported at high cost and this helped to price French goods out of world markets. Shortages of such things as rayon pulp and cotton linters continued to hinder development in some sections of the textile industry. Cotton and sulphur were still in short supply at the beginning of the year; the development of heavy industry continued to be jeopardized by the shortage of metallurgical coke from the Ruhr. However, world demand for iron and steel products stimulated high production within the limits imposed and helped balance French foreign trade during the early part of the year.

In non-ferrous metals, world shortages depressed production of copper, lead and zinc, where the index stood at 118, 127 and 112 respectively against 124, 133 and 113 in the previous year. Aluminum production,

however, based on domestic output of bauxite and higher production of hydro-electric power, increased in the same period from 164 to 220.

From the middle of the year on, the raw materials problem eased, but industries caught with stocks bought at high cost were unwilling to reduce their prices. Thus there was a tendency towards reduced consumption because buyers waited in the hope of lower future prices. It must be remembered, however, that the level of consumption of most raw materials is much lower *per capita* in Europe than in North America. Consequently, demand is not as flexible and this makes for real hardship when acute shortages are encountered. Similarly, an easing of the situation means that unsatisfied domestic demand must first be met before additional goods can reach the foreign market.

Other countries, particularly Canada and the United States, have found that more and cheaper raw materials mean exportable surpluses and therefore lower prices. France, on the contrary, has a stable market within the country which is not yet saturated and her prices do not have the resiliency of her competitors'. Exports therefore dropped off seriously during the latter part of the year, and this may be followed by reduced domestic demand and a consequent drop in production.

Forecast for '52

The trend of production in 1952 is too obscured by other factors to be easily evaluated. Raw materials are once more on hand in adequate quantities and prices of them are falling. Capacity is available and there is no immediate shortage of labour. Nevertheless, prices remain high and this not only makes it hard for the French to compete in markets but also makes many goods inaccessible to the domestic consumer. In an effort to decrease the budget to make way for defence production, the Government has had to reduce drastically funds for reconstruction and modernization, thus cutting in on the production of capital goods. These unfavourable factors can be counteracted and the present government is attempting to do it. Hidden or expatriated funds are being coaxed out of hiding by offering amnesty from unpaid taxes and penalties if these funds are put back into circulation. This money could replace government spending on reconstruction and modernization. The pressure on prices which is part of the government program could, if successful, narrow the gap between prices and wages and make France competitive in world markets. These developments might lead to a continued industrial boom.

To a major extent the future trend of industrial production depends on these things:

- Confidence engendered by stability.
- Increased productivity of labour thanks to the incentive of a better standard of living.
- A new outlook on the part of management or owners, bringing the acceptance of lesser unit profits for greater output.
- Encouragement of private capital to participate in modernization and mechanization.

Without the happy conjunction of all these factors, progress may be slow and tedious.

—Detailed reports on the leading French industries will appear in succeeding issues of "Foreign Trade"—Editor.

Burma's Recovery Retarded

Internal political conditions in Burma have not improved, and guerilla activities have seriously damaged transportation and industries.

by Bruce I. Rankin
Commercial Secretary for Canada

BOMBAY—Internal political conditions in Burma did not improve to any marked extent last year, and recently the situation on the Burma-China-Siam border has caused much uneasiness. In an effort to solve one of the main causes of internal disturbances, the Government of Burma last October agreed to establish a Karen State within the Union of Burma, but so far no real co-operation on the part of the Karens is apparent.

The concentration of guerilla activities during 1951 on all types of surface communications—river, rail and road—has handicapped the operation of industries, both because of the transportation dislocations and because some of the industries themselves are located in areas controlled by the insurgents.

Re-establish Industry

Nevertheless, during the year some steps were taken to re-establish certain of Burma's major undertakings. An agreement made on December 1, 1951, with the Burma Oil Company will, it is hoped, lead to the recovery of the oil industry. A similar agreement was reached in October 1951 with the Burma Corporation for the re-establishment of the Bawdwin Mines which in the past produced large quantities of silver, lead and zinc.

American aid has continued and arrangements have been made to rehabilitate the Port of Rangoon and five other ports which handle most of the country's foreign trade. Recently, too, Burma decided to participate in the Colombo Plan.

Favourable Trade Balance

Despite insurgent activities and transportation dislocations, Burma had a favourable balance of trade of Rs.63 million in 1951.

The rice trade is, of course, the backbone of Burma's economy. But rice exports are still a long way below the prewar figure of 3½ million tons. There was a slight improvement in 1951 when exports rose to slightly over 1¼ million tons. The other important export products—timber, minerals and oil—remain far below prewar levels.

Burma's exports to Canada in 1951 were valued at \$3,583 and her imports of Canadian products totalled \$279,225. Canada's sales to this country—principally tires and tubes, automobiles, trucks and parts, ferti-

lizers, paper, medicinal preparations and tinned fish—dropped from \$822,518 in 1947 to only \$30,498 in 1950. However, last year's figures and the \$430,069 recorded for the first four months of this year indicate an improvement.

Rubber Industry Deteriorating

Deterioration in the rubber planting industry continued during the year. Because of the lack of law and order, one plantation after another has fallen to insurgent occupation. There is little or no real planting and operating estates are being destroyed by illicit tappers.

Timber production went up during the year. Arrivals in Rangoon from the Irrawaddy and other routes totalled approximately 65 thousand tons. The teak logs belonging mainly to the State Timber Board enabled its two mills to operate throughout the year. A few bazaar mills also were working, but the two principal European mills remained closed. Exports of teak from Rangoon amounted to approximately 46 thousand tons, and prices during the early part of the year reached an all-time high. The high price, an accumulation of more stocks than usual, and a reduction in standards of quality caused a recession in the timber market towards the end of the year.

Prospects Poor for Timber

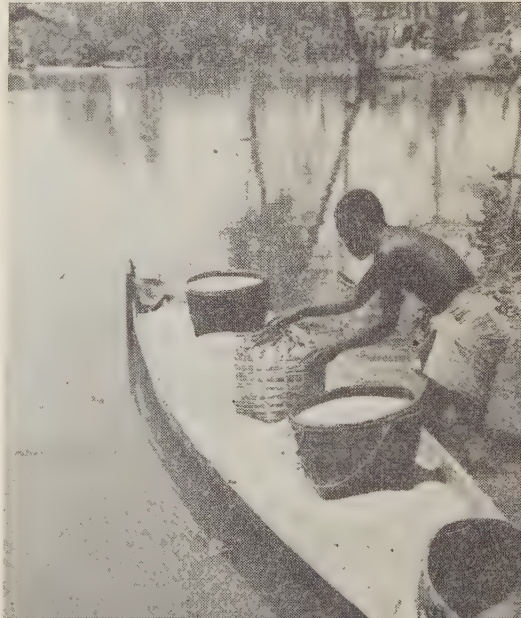
The future of the timber industry is not encouraging. At present only three of the 21 forest areas are able to operate. The industry cannot be properly rehabilitated until the main forest areas are secure and planned operations on a large scale are once more possible.

Other hardwoods are in roughly the same position as teak. Many large claims for compensation for the assets taken over by the Government when the industry was nationalized in 1948 are still outstanding.

Mining—lead and silver at Bawdwin, tin and wolfram at Manchi and Tennasserim—suffered the same disruptions as other industries, plus serious damage and deterioration to plant and machinery and to the mines themselves through lack of skilled technical supervision. Negotiations have now been completed between the Government and the Burma Corporation to form a new joint company to work the lead, silver and zinc mines at Bawdwin. The successful operation of mines in this district, however, will depend on the resumption and continued operation of the Burma Railway. Outside the Bawdwin area, practically all other mining districts are either completely isolated by insurgent occupancy or so harassed by the Communists that only a trickle of production is possible.

Rice forms the backbone of Burma's economy, though exports have not regained the prewar figure. Here a Burmese loads his boat with rice for the journey to villages downstream.

—U.K. Information Office.



Crude oil production from Chawk and Lanywa oilfields during 1951 amounted to 645 thousand barrels—an increase of nearly 50 per cent over 1950. A new refinery at Chawk was expected to begin operations about June, 1952. Chawk, however, remained a defended perimeter, with vehicles and vessels proceeding from it in armed convoy. Conditions in other oilfields precluded operations to any extent and passengers between the oilfields and Rangoon continued to be transported by air. Negotiations for a joint Government and Burma Oil Company operation are continuing.

Hard Currency Imports Restricted

Import restrictions were eased to a considerable extent in 1951. Licences for hard currency goods, however, remained severely restricted and were primarily limited to the latter four months of the year when \$6 million was set aside for hard currency imports of motor vehicle parts, certain specified hardware, and pharmaceutical products. The relatively short period for hard currency licences created some confusion. There was a scramble for supplies and licences were used with little discrimination to obtain any commodities possible under the licensed headings. There is little likelihood that a similar allocation of dollars will be made during 1952. Despite a favourable balance of trade, Burma's shortage of hard currency remains acute and a further release of hard currency will depend largely upon the rice surplus.

Reconstruction at Rangoon

The total seaborne trade of the port of Rangoon in 1951 totalled 1,901,108 tons, exceeding the previous year's figure by 329 thousand tons. Imports rose from 552 thousand tons to 694 thousand tons. Exports rose from 1,019 to 1,206 thousand tons. The much needed reconstruction work on the port, postponed because of financial difficulties, got under way during the year with aid from the American Economic Co-operation Administration. This work involved the construction of transit sheds at a number of wharves and the putting down of durable permanent-type pontoons at the jetties. Rangoon continued to be one of the fastest working ports in the East. Unfortunately the improvement in Rangoon could not be said to apply to Burma's other ports.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

The United States—1952

A report on business conditions across the border.

by **Arthur E. Bryan**
Deputy Consul General and Trade Commissioner

NEW YORK—Business in the United States has given a fairly good account of itself in the first six months of 1952. Two developments, however, are causing some anxiety: the steel strike, and the uncertainty about whether government controls, especially of prices and wages, will be continued. Despite this, most economists feel moderately optimistic about prospects for the second half of the year.

Most industries have maintained high operating levels, except those most directly affected by the decreasing supply of steel. Certain industries which have been depressed for several months—such as textiles, apparel, shoes—are now showing signs of recovery.

Commodity quotations, on the average, have moved a little lower in the last few weeks but are not much below those of four months ago. Security prices have been steady.

Department store sales taken as a whole have been moderately higher than at this time last year. The sharp drop in the New York area probably reflects the “price war” that temporarily stimulated consumer buying a year ago.

Employment and Investment

Civilian employment is estimated to have increased by more than a million from April to May, with the gain about equally divided between agricultural and non-agricultural employment. About 1·6 million persons are without jobs, about the same as in the preceding month and a year ago. This figure equals about $2\frac{1}{2}$ per cent of the labour force, close to the practical minimum. Average hourly earnings, at \$1·66, showed little change.

Construction activity, spurred by public outlays for military and defence plant, continues at or close to record levels. Expenditures for all types of construction in May are estimated at \$2·7 billion, a new high for the month. This brings the total for the first five months of the year to \$11·9 billion, about half a billion above last year's figure. Private construction so far this year has been about four per cent below the 1951 level, but the decline has been more than offset by an increase of 25 per cent in public projects.

Personal income in April was at an annual rate of \$258·9 billion, a continuation of the even trend that has persisted since last December. Few significant changes have appeared in the over-all total or in the major components in recent months. The current figure compares with \$249 billion in April of last year and with \$251·1 billion for the full year 1951.

Planned outlays for new plant and equipment during the third quarter of the year total nearly \$6.2 billion. If present plans are achieved, the total for the year will be greater than the previous estimate of \$24.1 billion—which compares with \$23.3 billion actually spent in 1951 for new plant and equipment.

Industrial Output

The Federal Reserve Board reports that industrial output, sliding since February, dipped in May and then dropped sharply in June as strikes in steel and some other lines cut heavily into production.

May output of the nation's factories and mines was recorded on the Board's seasonally adjusted index as 21.4 per cent of (or 114 per cent more than) the 1935-39 average, a fall of about one per cent below April and about four per cent below May 1951.

As a result of the strike, June steel production is estimated at about 20 per cent of rated capacity as compared with 90 per cent in April and May (also affected by work stoppages) and with 102 per cent in March.

Strikes at oil refineries, ended early this month, were chiefly responsible for a two per cent decline in production of non-durable goods in May. The refining dispute also reduced crude oil output in May and June. Coal production slowed down as a result of the steel dispute.

On the brighter side, production of passenger cars and trucks held steady in May although output of major household durable goods declined once more.

Money and Credit

The volume of bank credit outstanding showed little change in April and the first half of May. Business loans declined fairly substantially, reflecting further repayment of seasonal borrowing and some levelling-off of defence borrowing. The decline in business loans was about offset by a sharp rise in security loans, particularly to dealers in government securities. Bank holdings of United States Government securities, which declined in the first quarter of the year, have since changed only slightly.

The total money supply showed little change in April and early May. Deposits of businesses and individuals increased somewhat, while United States Government deposits declined. The turnover of demand deposits outside New York city declined in April after having risen somewhat in both February and March.

Bank reserve positions were moderately tight in April and the first part of May. Federal Reserve holdings of government securities were reduced slightly, and since mid-April, member bank borrowing has fluctuated around a fairly high level.

Cheque transactions cleared through banks during May in 25 large cities totalled \$70.7 billion. This was two per cent greater than in May 1951 and 15 per cent above May 1950.

Credit Sales Up

Credit given on the instalment plan shot up \$447 million in May after the consumer credit controls were lifted May 7. The Federal Reserve Board reports that the big rise centered around automobiles, for which buyers no longer had to pay one-third of the price in cash and pay off

the rest in 18 months. Instalment credit grants by auto dealers went up \$193 million more than any other class of instalment credit. Much of the \$163 million increase in instalment loans also went to finance auto purchases.

Sales credit extended by dealers in television sets, appliances, furniture, and the like—newly freed from requirements of a 15 per cent down payment and an 18-month payoff—reached \$91 million.

The credit controls were lifted voluntarily by the control authority, the Reserve Board. Its power to reimpose these controls was removed by the Defence Production Act amendment passed by Congress on June 28th last.

Consumer credit outstanding reached \$20·25 billion at the end of May, with instalment credit accounting for \$13·7 billion of the total. Types of credit which had not been under control increased only \$27 million in May.

Retail Trade

According to a report of the U.S. Department of Commerce, retail sales reached a 1952 high in May. The rise was caused in part by the May 7 order dropping controls on instalment buying.

May sales, totalling \$13·5 billion, rose two per cent over April and six per cent above those of May 1951. These increases in April and May have more than made up the decline from February to March.

Sales of durable goods affected by credit controls made the strongest showing last month; increases in the jewellery, home furnishings and auto groups between April and May ranged from five to nine per cent, after allowing for seasonal factors.

Non-durable goods advanced more moderately. General merchandise, food stores and eating and drinking places registered sales gains of two per cent between April and May, after seasonal adjustment.

Department Store Sales

Sales in department stores for the United States as a whole advanced by six per cent over 1951 in the week ended June 21, on the basis of Federal Reserve Board figures. The previous week the advance was nine per cent. In the latest week (June 28) ten districts had increases and two reported losses. Atlanta had the largest increase, 24 per cent, and New York the largest decrease, 10 per cent.

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

Ceylon Reviews Her Foreign Trade

... and finds the 1951 figures encouraging.

by Paul Sykes
Canadian Government Trade Commissioner

COLOMBO—The business year in Ceylon in 1951 was generally good. The net results were not as satisfactory on paper as in 1950 but the difference was, from a long-term point of view, negligible.

Ceylon's economic structure is such a simple one that the country's position can be easily gauged by studying its foreign trade. It lives to a high degree on the revenue from sales to world markets of its tea, rubber and coconut. The returns from these sales have to pay for purchases from abroad of the substantial quantities of foodstuffs, textiles, machinery, equipment and so on required to maintain these three main industries and to meet the ordinary needs of the population. When trade shows a favourable balance Ceylon prospers and, to the extent that this theory can be accepted, 1951 was a good year.

Export Prices Good

Industry and trade in 1951 were generally happy with the high prices paid for Ceylon's principal products. There was little labour trouble, partly because of government control of the prices of essential foodstuffs. Close teamwork with the importing and distributing trades and with the co-operative movement also helped. There has, of course, been some inflation and a certain disregard of its perils. But the Government, at least, has wisely taken steps through taxation, the tariff and various other measures to prevent an undue inflationary rise. It has at the same time gone to considerable lengths to make its own substantial purchases of materials, machinery, services, etc., from abroad at minimum cost and has tried to extend and consolidate overseas markets for its export products.

Exports (domestic) from Ceylon during 1951 were valued at Rs.1,823,000,000 and imports at Rs.1,559,000,000. The total value of domestic exports and re-exports was Rs.1,904,000,000. On the basis of these figures, the favourable trade balance for 1951 was Rs.346,700,000, compared with Rs.396 million for the year 1950.

The general pattern of Ceylon's foreign trade in 1951 varied only slightly from former years. A few features of particular interest were:

- The resurgence of Japan as a source of textile supplies.
- The decline in exports (principally rubber) to the United States.
- The development of Germany as an export market. This is likely to mean a revival in imports from that country.

Tea, valued at Rs.804 million, 49 million more than in 1950, led the export list and produced a record crop of 326 million pounds. Rubber shipments were valued at Rs.582 million against Rs.405 million in 1950,

but U.S. purchases fell off heavily. The export trade in coconut oil also increased. Business in desiccated coconut and fresh coconuts declined, and the trade in copra and coir remained more or less constant.

These export figures should not necessarily be accepted as a complete record of production during the year. The general trend in world markets, particularly for rubber, was downward. Thus the achievement in maintaining and increasing trade values represents a substantial accomplishment.

The United Kingdom led all other export markets by a large margin, purchasing over half the exports by value to Commonwealth countries and almost a third of Ceylon's total exports. The United States ranked second, Australia third, the Netherlands fourth, Egypt fifth, Germany sixth, Canada seventh, and Italy eighth.

Ceylon's imports in 1951 were Rs.392 million above those in 1950. The index for imports showed comparatively little change and the increased values can be taken as representing a substantial physical increase in the trade. This has been due, among other things, to the general prosperity of the country, to some relaxation in import controls, and the purchase of capital equipment and material for numerous government and private development projects.

Detailed figures of commodity imports show abnormally large increases in values for vehicles (including motor vehicles and railway equipment), miscellaneous food and drink, gasoline, kerosene and fuel oil, iron and steel products, and a variety of textiles. The only notable decrease was for coal.

Supplying Ceylon's Needs

The value of imports from the United Kingdom went up abnormally and the value of purchases from the United States, Japan, Australia, Pakistan, Belgium and France also rose. Declines were recorded in purchases from Thailand and Iran. The value of purchases from Canada went down slightly.

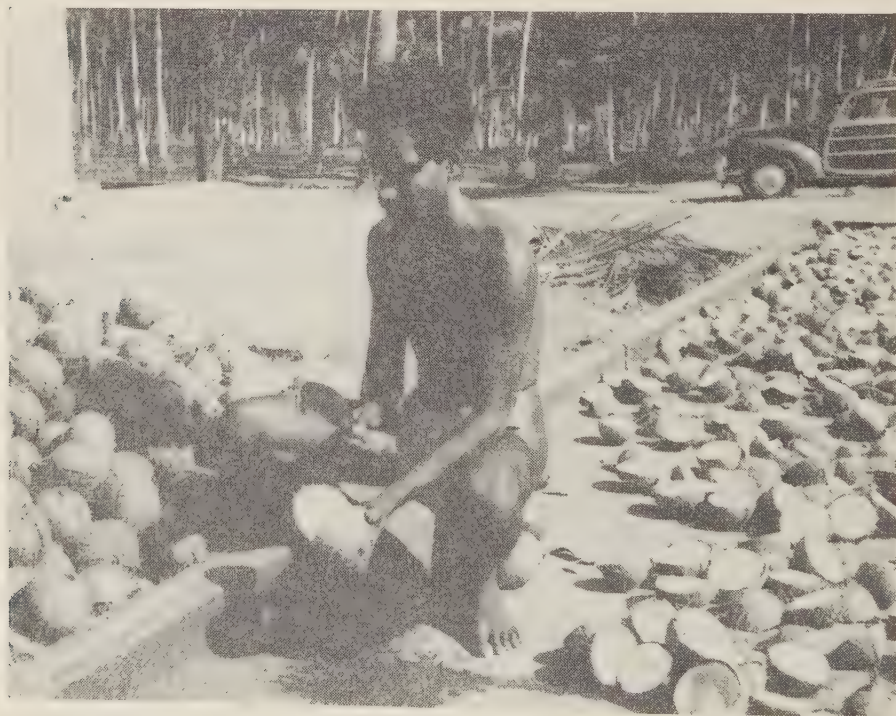
The United Kingdom supplied over 20 per cent of Ceylon's imports in 1951, representing a rise of approximately one-half of the total value of these imports in 1950. Burma came second as a supplier, then India. Imports from Australia, which took fourth place, increased substantially over 1950 values largely because of the trade in flour. Other countries which contributed in a substantial degree to Ceylon's import trade were, in order of importance, the United States, Japan, Iran, Pakistan and Belgium.

Altogether, Ceylon's business with Commonwealth countries showed a marked expansion. Imports increased from Rs.618,200,000 to Rs.873,900,000—and both these figures are well in excess of 50 per cent of the totals for all countries. Commonwealth markets absorbed more of Ceylon's exports than in 1950 and some previous years. Ceylon's dollar-earning capacity, both individually and in participation with other sterling areas, caused some concern. Decreased sales of both tea and rubber to the United States in 1951 meant lower dollar earnings and a favourable balance of Rs. 378 million in 1950 fell to Rs.181 million in 1951. The situation, however, was regarded as abnormal and temporary and there is reasonable hope of an improvement in dollar earnings in 1952.

Ceylon purchased, in 1951, Canadian goods to a value of Rs.17,200,000, as compared with Rs.20,800,000 in 1950. The value of Ceylon's exports to Canada also decreased—from Rs.93,500,000 in 1950 to Rs.73,300,000 in 1951. The principal reason for the fall in imports from Canada was a shrinkage in the trade in flour which in 1950 had been abnormally high. Ceylon's exports to Canada fell off because of reduced purchases of rubber and coconut oil.

Monthly statistics of Canada's purchases from Ceylon show a steady trend in the trade in both tea and rubber. The business in coconut oil, fairly substantial during the first part of the year, went down in later months. On the other hand, Canadian purchases of desiccated coconut went up to a limited degree as the year wore on. Canada sold to Ceylon fairly substantial amounts of milk powder and canned fish throughout 1951. Other commodities which figured regularly in the trade were news-print paper, motor vehicles and parts, batteries and parts, and fountain pens and pencils, etc. Spasmodic trade involved various shipments of flour, railroad ties and agricultural machinery. Our exports to this country are expanding in variety and this trend should be maintained.

Approximately halfway through the year the Government reduced customs duties and relaxed import controls considerably. The idea, to some extent, was to reduce living costs and to revert as far as possible to pre-war conditions. The results seem generally beneficial but Ceylon's position in the sterling community may perhaps mean re-imposition of some control measures, particularly as they affect purchases from dollar countries.



To produce copra, coconuts are split open and left to dry. This and other coconut products make up a large part of Ceylon's exports, and the copra trade, in particular, shows little fluctuation from year to year.

The Changing Pattern of South African Trade

by Kenneth F. Noble
Canadian Government Trade Commissioner

CAPE TOWN—The only South African exports which draw large orders from foreign countries are wool and diamonds. Otherwise, few countries can be considered substantial customers for South African products.

Recently, exports to France, Switzerland and Saudi Arabia have gone up substantially. This rise cannot be attributed exclusively to shipments of wool and may represent a movement of processed gold. It is, however, changing the order of importance of South Africa's export markets.

The United Kingdom continues to be South Africa's major export market. Here are her other leading customers in 1951, in order of importance:

Country	1951		1950	
United Kingdom	£73	million	£60	million
France	43.5	"	27.2	"
United States	33.4	"	19.9	"
Switzerland	16	"	1.2	"
Saudi Arabia	3.1	"	329	thousand

Another significant aspect of South Africa's export trade—in commodities other than wool, diamonds and gold—has been the increased sales in African territories north of the Union. The following figures show the value of these shipments during the past three years:

	(in £ million)		1951	1950
Southern Rhodesia			25.60	16.71
South West Africa			10.25	7.52
Northern Rhodesia			9.35	6.40
Belgian Congo			2.71	1.81
Portuguese East Africa			2.43	1.93
Kenya			2.2	1.67
British West Africa			1.13	0.87
Tanganyika			0.86	0.69
Uganda			0.86	0.09

Major Suppliers

The United Kingdom remains the major supplier of goods to South Africa, sending goods to the value of £126.4 million in 1950 and £157.8 million in 1951. Next comes the United States, which supplied £49.2 million worth in 1950 and £90.9 million in 1951. Canada's exports, which amounted to £12.9 million in 1950, increased sharply to £17.7 million in 1951. In this latest year, Canada was the third largest country of supply.*

European countries making substantial progress in sales to the Union include the following:

	1951		1950	
Belgium	£11.9	million	£3	million
France	8.2	"	4.7	"
Netherlands	5.8	"	2.7	"
Switzerland	3.4	"	.9	"
Norway	2.1	"	1.0	"

Ex-enemy countries have become increasingly large suppliers of the South African market. Italian exports increased from £1.7 million in 1949 to £17.3 million in 1951. Japanese participation, limited to £700 thousand in 1949, totalled £12.3 million in 1951; supplies from West Germany increased from £1.8 million in 1949 to £14.6 million in 1951.

Although the Persian oil dispute reduced imports from Iran to £6.2 million from £11.1 million in 1950, imports from Saudi Arabia increased by an equal amount—from £4.1 million to £9 million—and imports from the Netherlands possessions (largely in the West Indies) more than doubled, from £1.4 million to £3 million in 1951.

* In the issue of June 7, 1952, *Foreign Trade*, through a typographical error, reported exports from Canada to South Africa as £52.7 million in 1951 and £42.5 million in 1950. The figures should have read \$52.7 million and \$42.5 million—Editor.

Gold in the Philippines

MANILA—The principal gold mining companies operating in the Philippines during 1951 reported a total of 7.7 million pesos* in dividends, despite higher costs for machinery, equipment and supplies, higher wages, and increased taxes. These profits were realized largely because the Central Bank of the Philippines permits the companies to sell 75 per cent of their production in the free market above the statutory price of \$35 an ounce. The remainder is sold to the Central Bank at \$35 an ounce. The mining companies report that, unless they were able to sell on that basis, many of them would be forced to close.

Reserves Fall

During the past year, the gold producers, expanding mining operations and mill capacity, were able to replace the ores milled but reserves at the end of the year were lower than at the end of 1950. Ore reserves at the beginning of 1952 were estimated at 7,500,599 tons, with an average value of 19.95 pesos per ton, based on the price of \$35 per ounce. All but one company reported a decline in ore reserves.

The gold mining companies are expected to contribute between 40 and 50 million pesos to the national income of the Philippines in 1952 in the form of production alone, but this goal may not be reached. The companies are faced with the problem of a decline in the price for free market gold and the enforcement of the Philippine Minimum Wage Law, which sets a minimum wage of four pesos for mine workers. The mining industry believes that the increased wage ceiling will have a most adverse effect and most of the mines will have to cease operations if no relief is obtained.

—W. D. WALLACE, ACTING CONSUL GENERAL AND TRADE COMMISSIONER.

* One peso=50 cents Canadian.

Commodity Notes

AUSTRALIA

Bauxite—Extensive deposits of bauxite have been discovered on Machinbar Island, off the Coast of Arnhem Land in the Northern Territory of Australia. A reconnaissance geological survey for bauxite deposits, arranged in 1951, has found extensive quantities of laterite. There are three deposits, each about one square mile in extent and some six feet thick. The reconnaissance has shown that high-grade bauxite is present, in some areas at least, although it will need further investigation to determine the actual amount. The Australian Aluminum Production Commission has taken over the area for a detailed testing campaign—Sydney, June 20.

CHILE

Copper—Press reports indicate that the Banco Central is selling considerable quantities of copper to the United States at 35½ cents a pound. This procedure was authorized following the recent disagreement between the large copper companies and the Chilean Government—Santiago, June 21.

Cast Iron—Great Britain has purchased 3,800 tons of cast iron from the Iron Foundry in Corral, through the Cia. de Acero del Pacifico, it is announced. Negotiations for further purchases are in progress—Santiago, June 3.

INDIA

Raw Wool—Because the Indian raw wool supply has improved, the authorities have announced that from now on raw wool for export will be freely licensed for shipment up to August 31, 1952. Shippers are warned in their own interests to avoid any commitments for shipment after that.

Last October, the authorities announced that the export quota of raw wool of Indian origin for the period October 1951 to September 1952 would be 20 million pounds. In March, an additional quota of five million pounds was released for shipment during this period. The most recent announcement reflects the improvement in domestic stocks—New Delhi, June 12.

ISRAEL

Beet Sugar—A factory for processing sugar beets is being built by the "Assis" Fruit Products Co. (a firm which has specialized in citrus fruits) and will have an estimated output of 2,700 tons of sugar a year, or ten per cent of local consumption. Beets will be supplied by Israeli farmers who have sown 2,000 acres this year. The entire yield is destined for this factory—Athens, May 1.

Animal Hair—A factory for processing animal hair was scheduled to begin operations at the end of May. Sufficient raw material has been imported to keep 300 workers busy for two years. Apart from supplying the local market, it is intended to export high-class hairbrushes, especially to the United States and Canada—Athens, May 1.

JAMAICA

Sugar—A new sugar mill is being proposed for Hanover, the parish in the northwest tip of the island. The Government has agreed to help build a factory with a 10 thousand ton capacity at a cost of £ 600 thousand. The Colonial Development Corporation may also participate in the capital cost. At present, the transportation to other mills of cane grown in the area is subsidized by the Government—Kingston, June 25.

JAPAN

Crab and Salmon—Canned crab, salmon, salmon trout and oysters have been designated by the Ministry of International Trade and Industry as items requiring permission to export. They were placed under control to prevent possible dumping—Tokyo, June 25.

PHILIPPINES

Coconut Oil—The Philippine coconut oil and subsidiary industries had a total output valued at 147 million pesos in 1951. During the same period, desiccated coconut production amounted to 94.3 million pounds valued at 28.5 million pesos. The coconut oil output of the 15 major producers for the past year amounted to 138,247 metric tons at 88.1 million pesos. Approximately 76,894 metric tons at 49.5 million pesos were exported—Manila, June 14.

SPAIN

Fertilizers—During 1951, Spanish production of phosphate and potassium fertilizers, it is reported, continued the upward trend initiated five years ago. Over a million metric tons of superphosphates were obtained in that year, as compared to 900 thousand tons in 1950 and only 300 thousand tons in 1943. Export of these types of fertilizers will be possible in the near future. Ammonium sulphate production also reached its highest figures, 20 thousand metric tons, in 1951—Madrid, June 24.

UNITED STATES

Margarine—Production of oleomargarine in the United States in 1951 increased by about 10 per cent, to slightly more than 1,036 million lbs. compared with 937 million lbs. in 1950. Comparable Canadian production was 105 million lbs. and 94 million lbs. respectively. The pattern of production in the two countries was almost identical. A noteworthy change in the ingredients used in the U.S. was the increase in the amount of soybean oil used and the decrease in the amount of cottonseed oil—undoubtedly largely the result of the very small 1950 cotton crop.

U.S. production in the first four months of 1952 has shown an even more decided increase, total volume for the period going up by almost 25 per cent—from 355 million lbs. to 440 million lbs. During the same period Canadian production dropped by approximately seven per cent—Washington, D.C., June 17.

Turkish Industry Forges Ahead

With new plants going up and with the passing of legislation to encourage foreign investment, Turkey is continuing her industrial progress.

by G. F. G. Hughes
Consul of Canada and Trade Commissioner

ISTANBUL—Throughout 1951, Turkish industry has shown great activity—activity that continued unchecked despite the increased influx of consumer goods from abroad. The notable exception was, as in other countries, the textile mills. Some of them were placed on short time and others closed altogether during the slack season. However, during the last four months of the year conditions improved materially.

For the first time in its history, the Sumerbank paper factory at Izmit made a profit and, according to reports, increased its output by 25 per cent—to 22,800 tons. An additional mill slated for production this year will turn out packing paper and corrugated board for boxes.

The denationalization of state-controlled industry is part of the Democratic Government's policy. It took the first move towards implementing this policy by terminating, on March 1, 1952, the state monopoly on matches. The private working of salt deposits has been permitted since May 15. Reported in draft is a bill to end the state monopoly on the manufacture and import of alcoholic beverages.

Development Stimulated

Industrial development is continuing at a good pace. The Industrial Development Bank, established in 1950 with the aid of a dollar loan from the International Bank for Reconstruction and Development, has dealt with over 600 loan applications from local companies. Up to February 1952 the bank had granted credits of over TL.44 million for various enterprises, including 38 factories, two cold storage depots, two large-scale repair shops for agricultural equipment, one irrigation installation, and 40 workshops for the repair of agricultural machinery. The factories included foodstuffs processing, textile mills, cotton ginning and oil extraction plants, and a large pharmaceutical factory. The Industrial Development Bank has also been given the responsibility of administering Marshall Plan counterpart funds allocated to assist private industry.

The improvement of the cement industry is considered of prime importance, because half of the country's present requirements of 600 thousand tons a year is imported. The Sumerbank factory at Zeytinburnu, near Istanbul, is undergoing improvements which will increase production from 120 thousand to 220 thousand tons a year. The factories at Sivas, Darica and Kartal are being remodelled and a new plant built in Izmir. Two others are planned.

In public works, the outstanding development of 1951 was the start made on the Sariyar hydro-electric development. Designed for 75,000

k.v.a., this power development on the Sakarya River, west of Ankara, will eventually be linked in a grid system with the Catalagzi steam station now operating near Zonguldak, the coal-mining centre on the Black Sea. The first stage in the grid system—the construction of a transmission line from Catalagzi to Istanbul—is now nearly finished. Over the next four years, power rates are expected to fall to less than a third of the present rates which, to household users, are today the equivalent of about nine cents per k.w.

Encouraging Foreign Capital

The new law to encourage the investment of foreign capital in Turkey took an important place among the legislation passed in 1951. Although there are a few questions yet to be resolved, the law is said to assure the foreign investor of the right to transfer profits up to ten per cent and repatriate capital at the end of five years. Recent undertakings for which foreign investors have subscribed all or part of the capital are: a lamp bulb factory (American) now operating, a margarine factory (Anglo-Dutch), and a penicillin and pharmaceutical factory (American). The last two are nearing completion.

The Minister of Commerce reported that the following proposals have been approved:

- \$2 million by a U.S. company for the manufacture of sulphuric acid and superphosphates.
- \$560,000 by another U.S. company for the manufacture of D.D.T.
- £174,000 by a British company for a sewing thread factory.
- TL.400,000 by a Danish company for the manufacture of cement.
- TL.50,000 by an Italian company for a powdered egg factory.
- S.K.300,000 by a Swedish company to make chemical gases.
- \$100,000 by a foreign company for mineral prospecting.

A German-Dutch group is studying an investment in the fishing industry and negotiations are being carried on with a German industrial group for the establishment of a large chemical fertilizer factory.

Mineral Production

The MSA Administrator in Turkey said in October that, in comparison with 1948, the production of coal had increased by 12 per cent, iron ore by 43 per cent, cast iron by 80 per cent, steel by 70 per cent, chrome ore by 57 per cent, and copper by a record 118 per cent.

Reports indicate that coal production in the Zonguldak basin during 1951 amounted to 2.7 million tons, an increase of 160 thousand tons over 1950. During the year 100 thousand tons were exported to France and it is understood that a further 100 thousand will soon be released for export.

ECA authorities have given mineral production prime consideration for assistance. Coal and copper are the two which have benefited most from ECA aid and, in a lesser degree, lignite, chrome ore and salt.

The development of oil production has been disappointing. The small refinery at Batman is able to handle only a small portion of the capacity of the six producing wells at Raman and the one at Garzan. Proposals to erect a refinery to handle 5,000 barrels per day have been widely discussed and it is reported that offers from foreign firms are being studied.

General Notes

AUSTRALIA

Commercial Aviation Growing—Latest official statistics emphasize the continued progress of commercial flying in Australia. A comparison of figures for the year 1951 with those of 1950 shows a considerable increase, especially in the number of passenger miles flown. Further steep rises are also evident in the comparative international figures for Australian aviation. In 1950 these services flew 29,572 hours, and in 1951, 34,766 hours. The total number of passengers carried rose from 33,077 to 45,833, and freight carried increased from 655·8 tons to 1,029·0 tons. Mail carried also increased from 489·1 tons to 652·5 tons. In 1950 the total passenger load factor was 56·4 per cent while in 1951 it rose to 66·5 per cent—Melbourne, June 15.

GREECE

Aircraft Repairs—The Mutual Security Agency Mission has allocated \$175 thousand to Greece to procure machinery for overhauling civil aviation aircraft and engines in Greece. The machinery will be added to the aircraft repairs workshop of the Greek Air Lines (TAE), at Helliniko Airfield, Athens. It is said this equipment will make it possible to do all repairs of aircraft and engines locally—Athens, May 22.

JAMAICA

Colonial Development Report—The annual report of the C.D.C. lists 53 undertakings in operation with a capital of £36 million. Of these, 18 schemes are in the British West Indies, with a capital of £7,380,950 and a staff numbering 3,200. For Jamaica and dependencies alone, the amount involved is £412 thousand for four projects: the Citrus Growers Limited, fruit processing factory, £110 thousand; Jamaica Cooling Store, £138 thousand; Turks Island Salt Company Limited, £80 thousand and the Grand Cayman Cannery, (turtle meat), £84 thousand—Kingston, June 25.

JAPAN

Tokyo Third City—The population of the Tokyo metropolitan area on June 1st was 7,015,000; it now ranks third on the list of world cities, after London and New York. Population is growing at the rate of 30 thousand a month, according to competent authorities—Tokyo, June 25.

NEW GUINEA

Commercial Opportunities—Private concerns from the Australian mainland and overseas are showing increased interest in the development of the Territory of Papua and New Guinea. The Department of Territories intends to make more widely known the prospects for tropical crops such as rubber, tea, coffee, cocoa, and fibres in those areas. Two large overseas companies have recently sent representatives to investigate the territories'

NEW GUINEA—continued

potentialities, and several local Australian companies are actively interested. For example, fibrous plaster manufacturers have been discussing the possibilities of establishing sisal plantations. A cordial manufacturer, following a field survey, is considering setting up a plant for pulping passion fruit from gardens. Several firms are interested in growing kenaf, a jute substitute, and one of the Australian chocolate manufacturers is considering a project for growing his own cocoa—Melbourne, June 15.

PHILIPPINES

Foreign Trade Increased—The foreign trade of the Philippines for the first quarter of 1952 recorded an 11 per cent increase in value over the same period of 1951, but the balance of trade remained unfavourable. Total trade for the first three months of this year amounted to 468 million pesos, as against 421 million pesos in the 1951 period. Imports, amounting to 273 million pesos and accounting for 58 per cent of the total trade, exceeded exports by 78 million pesos. In the corresponding period of 1951, imports accounted for 41 per cent of the total and exceeded exports by 73 million pesos—Manila, June 12.

U.S. Ships Handle Majority of Commerce—The Philippine Bureau of Census and Statistics reports that United States vessels handled the greater part of the Philippines' overseas commerce in 1951. American vessels entering the Philippines numbered 794 and those clearing 778. These vessels carried 1,324 million tons, or 23 per cent of the total loaded and unloaded cargo. Japanese ships accounted for 17·6 per cent of the total; Norwegian, 15·7 per cent; British, 12·8 per cent; Panamanian, 9·3 per cent; Danish, 6·1 per cent; and Philippine vessels, 4 per cent—Manila, June 12.

SOUTH AFRICA

Tenders for South Africa—According to a statement issued by the Union Tender Board, quotations on government contracts should be posted by overseas suppliers as follows:

	<i>By Air</i>	<i>By Sea</i>
England	5 days before due date	4 weeks before due date
U.S.A.	9 " " " "	4 " " " "
Continental cities	7 " " " "	4 " " " "

The above dates are based on estimates made by the Post Office and should be considered by Canadian suppliers as the minimum time to allow for delivery of the bids they mail direct to the Tender Board—Johannesburg, June 27.

SPAIN

Food Rationing—As from June 1st, when sugar and coffee were officially decontrolled, food rationing in Spain is no longer in force—Madrid, June 24.

Trade and Tariff Regulations

Bermuda Requires Certificate of Origin

Hamilton, June 21, 1952—FTS—The Bermuda Supplies Commission in a notice of June 18 advised importers of the following requirement:

"Importers are hereby notified that all importations from Canada and the United States for which import permits have been granted in dollar currency must be a product of these countries and invoices accompanied by a Certificate of Origin.

"Under no circumstances will imports be allowed from Canada or the United States which originate in another country and for which payment is made in dollar currency."

Brazil Permits Additional Imports

Rio de Janeiro, June 30—FTS—The Advisory Committee on Foreign Trade has announced that import licences will be granted, payable in any currency, for the following products: rubber tires and inner tubes (as part of the original equipment of imported vehicles and subject to prior approval from the Rubber Control Board); galvanized or corrugated iron sheets for the manufacture of curved or straight drain-traps; curved iron sheets (exclusively in favour of firms that supply or install drain-traps); virgin acetate records (to record manufacturers only); lignum vitae or guaiacum wood; flat or curved metal conduits; fertilizers (preferably natural phosphates for the superphosphate industry).

Mexican Import Tariff Modifications

The following changes in the Mexican tariff have been made by decrees published on June 24 and effective June 29 and July 9 (former status in brackets).

The Mexican peso is worth at present about 11 cents Canadian; a kilogramme equals 2,204 pounds. The ad valorem portion of the duty is levied on the official value, when there is one, or the invoice value, whichever is the higher. Those items marked with an asterisk require a prior import permit.

Item No.		specific plus ad valorem	
		pesos	(per cent)
*7.51.00-1	Paper of natural colour having resistance, Mullen scale of not less than 2,500 grams per square centimetre.... per gross kilog. Official value	0.50 (0.40) 1.00	45 (same)
*7.51.10-1	Paper, natural colour, containing up to 50 per cent (40 per cent) mechanical wood pulp, weighing up to 150 (120) gram per square metre, not elsewhere specified in the tariff...per legal kilog. Official value	0.35 (same) 2.30	40 (same)
*7.55.11-1	Paper, natural colour, containing up to 50 per cent (40 per cent) mechanical wood pulp, weighing more than 150 (120) grams per square metre, not elsewhere specified in the tariff..... per legal kilog. Official value	0.25 (same)	35 (same)

Item No.		specific plus ad valorem	
		pesos	(per cent)
*7.55.12-1	Paper, natural colour, containing more than 50 per cent (40 per cent) wood pulp, weighing up to 150 (120) grams per square metre, not elsewhere specified in the tariff.....per legal kilog. Official value	0.30 (0.25) 1.20	35 (25)
*7.51.13-1	Paper, natural colour, containing more than 50 per cent (40 per cent) mechanical wood pulp, weighing more than 150 (120) grams per square metre, not elsewhere specified in the tariff..... per legal kilog. Official value	0.25 (same) 1.00	30 (20)
*7.51.30-1	White paper or tinted or painted, weighing per square metre: Up to 120 grams, not elsewhere specified in the tariff..... per legal kilog. Official value	0.35 (same) 2.65	40 (same)
*7.51.31-1	More than 120 grams, not elsewhere specified in the tariff...per legal kilog. Official value	0.25 (same) 2.20	35 (same)
7.52.05-1	Cut toilet paper.....per legal kilog. Official value	0.70 (0.50) 4.45	30 (25)
7.52.07-1	Face tissue and cut toilet paper, not elsewhere specified in the tariff..... per legal kilog. (New classification)	1.00	50
7.53.01-1	Paper painted or decorated on one side, not elsewhere specified in the tariff, ("on one side" has been added)..... per legal kilog. Official value	0.35 (same) 3.80	40 (same)
7.11.07	Rye and bourbon whisky, alcoholic graduation more than 23°, but not more than 55° Gay-Lussac scale..... per legal kilog. Official value	4.00 (same) 8.15	70 (60)
7.11.10	Whisky not elsewhere specified in the tariff, more than 23°, but not more than 55° graduation, Gay-Lussac scale per legal kilog. Official value	4.00 (same) 9.15	70 (60)
8.55.10	Sewing machines, not elsewhere specified in the tariff..... per legal (gross) kilog. Official value	1.00 (0.04)	3 (2)

South Africa Announces Export Incentives

Johannesburg, June 30—FTS—The Directorate of Imports and Exports has announced an export incentive scheme to increase the Union's accrual of foreign exchange by granting additional import permits to manufacturers who export goods containing imported raw materials and to merchants who export goods imported by them.

These additional permits are issued to the South African exporter over and above those issued against normal allocations for the home market and have the effect of replacing the imported raw material or processed goods which were subsequently exported.

In returning to manufacturers the imported raw material content in their exports, the Incentive Scheme import permits are issued to the extent shown in one of three ways: 1. If soft currency raw materials are used to manufacture goods for sale to soft currency areas—100 per cent;

2. If soft currency or hard currency raw materials are used to manufacture goods for sale to hard currency areas—100 per cent.

3. If hard currency raw materials are used to manufacture goods for sale to soft currency areas—up to a maximum of 25 per cent of the export selling price of the goods.

Certain manufactured goods such as motor vehicles that have South African added values considerably less than the values of their imported components are not considered goods of South African origin. Replacement of the imported materials contained in exports of goods in this category is made in full under the Incentive Scheme. Payment for the imported content in such exports is made in the same currency as that made originally.

For merchants who import and re-export goods unprocessed, replacement permits are issued under the incentive scheme to the full extent of the original f.o.b. value of the goods in the same currency as originally used.

The object of the export incentive scheme may be summarized as seeking to convert into foreign currency the South African value added to imported goods and materials re-exported. To this end the Scheme, in effect, endeavours to spend foreign exchange as a means of earning more, while import control as applied to goods for home consumption strives to conserve foreign exchange by reducing expenditure on imports of the less essential goods.

Free Entry for Trade Fair Exhibits, New Orleans

Washington, D.C., June 24—FTS—Congress has passed Public Law 290, permitting articles imported for exhibition at the International Trade Fair and Inter-American Cultural and Trade Center to be held at New Orleans November 30, 1953, to May 31, 1954, to enter free of ordinary tariff and marking regulations.

For customs purposes, the sole consignee of all merchandise entered under this Act shall be International House, Incorporated, New Orleans.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

R. E. Gravel, formerly Commercial Secretary for Canada in Lima, Peru, will become the first Canadian Government Trade Commissioner at Cuidad Trujillo, Dominican Republic. On May 8 he began a tour of Canada before taking up his appointment in the autumn. His detailed itinerary is:

Saint John—July 21

Fredericton—July 22

Businessmen can reach this officer through the Chamber of Commerce in Fredericton and the Board of Trade in Saint John.

Nominal Foreign Exchange Quotations

The following nominal quotations may prove useful in checking prices or considering statistics.

Importers and exporters are, however, urged to check with their banks before making any financial arrangements for the purchase and sale of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations July 7	Nominal Quotations July 11
Argentina.....	Peso.....	Basic Ex.	.2977	.1924	.1954
		Free	.2085	.0692	.0703
Austria.....	Schilling.....	Export		.0450	.0457
Australia.....	Pound.....		3.2240	2.1440	2.1765
Belgium and Belgian Congo.....	Franc.....		.0228	.0191	.0194
Bolivia.....	Boliviano.....		.0238	.0160	.0162
British West Indies (except Jamaica).....	Dollar.....		.8396	.5583	.5668
Brazil.....	Cruzeiro.....		.0544	.0520	.0528
Burma.....	Rupee.....		.3022		
Ceylon.....	Rupee.....		.3022	.2020	.2051
Chile.....	Peso.....		.0233	.0078	.0078
Colombia.....	Peso.....		.5128	.3848	.3907
Costa Rica.....	Colon.....		.1800	.1717	.1744
Cuba.....	Peso.....		1.0000	.9619	.9769
Czechoslovakia.....	Koruna.....		0.2000	.0192	.0195
Denmark.....	Krone.....		.2084	.1393	.1414
Dominican Republic.....	Peso.....		1.0000	.9619	.9769
Ecuador.....	Sucre.....		.0740	.0641	.0651
Egypt.....	Pound.....		4.1330	.0056	.0056
El Salvador.....	Colon.....		.4000	2.7621	2.8052
Fiji.....	Pound.....		3.6306	.3847	.3907
Finland.....	Markka.....		.0062	2.4144	2.4510
France, Monaco and French North Africa.....	Franc.....		.0037	.0042	.0042
French Empire—African.....	Franc.....		.0073	.0027	.0028
French Pacific Possessions.....	Franc.....		.0201	.0055	.0056
Germany.....	Deutsche Mark		.3000	.0152	.0154
Guatemala.....	Quetzal.....		1.0000	.2290	.2326
Haiti.....	Gourde.....		.2000	.9619	.9769
Honduras.....	Lempira.....		.5000	.1924	.1954
Hong Kong.....	Dollar.....		.2519	.4809	.4884
Iceland.....	Krona.....		.1541	.1675	.1700
India.....	Rupee.....		.3022	.0590	.0599
Iran.....	Rial.....		.0212	.2020	.2051
Iraq.....	Dinar.....		4.0300		
Ireland.....	Pound.....		4.0300	2.6800	2.7206
Israel.....	Pound.....		3.0000	2.6800	2.7206
Italy.....	Lira.....		.0017	2.6800	2.7206
Jamaica.....	Pound.....		4.0300	.0015	.0015
Japan.....	Yen.....		.0028	2.6800	2.7206
Lebanon.....	Piastre.....		.4561	.0026	.0027
Mexico.....	Peso.....		.1157		
Netherlands.....	Florin.....		.3769	.1112	.1129
Netherlands Antilles.....	Florin.....		.5308	.2531	.2571
New Zealand.....	Pound.....		4.0150	.5100	.5180
Nicaragua.....	Cordoba.....		.2000	2.6800	2.7206
Norway.....	Krone.....		.2015	.1924	.1954
Pakistan.....	Rupee.....		.3022	.1347	.1368
Panama.....	Balboa.....		1.000	.2907	.2953
Paraguay.....	Guarani.....		.3200	.9619	.9769
Peru.....	Sol.....		.1538		
Philippines.....	Peso.....		.4975	.0613	.0623
Portugal and Colonies.....	Escudo.....		.0400	.4809	.4884
Singapore.....	Straits Dollar.....		.4702	.0034	.0034
				.3127	.3174
Spain and Colonies.....	Peseta.....	Off. Free	.0916	.0243	.0252
		Mkt. Ex.			
Sweden.....	Krona.....		.2783	.1859	.1888
Switzerland.....	Franc.....		.2336	.2232	.2269
Thailand.....	Baht.....		.1000		
Turkey.....	Lira.....		.3571		
Union of South Africa.....	Pound.....		4.0300	.3435	.3489
United Kingdom.....	Pound.....		4.0300	2.6800	2.7206
United States.....	Dollar.....		1.0000	2.6800	2.7206
Uruguay.....	Peso.....		.6583	.9618	.9768
Venezuela.....	Bolivar.....		.2985	.6332	.6431
Yugoslavia.....	Dinar.....		.0200	.2871	.2916
				.0032	.0032

* September 17, 1949.

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JULY 26, 1952



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CANADA

Netherlands' Outlook Brightens (page 2)





foreign trade

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Netherlands' Outlook Brightens

Improved terms of trade and government action against inflation helped Holland to improve its economic position in 1951.

by Willard G. Pybus
Assistant Commercial Secretary for Canada

THE HAGUE—The Netherlands achieved a remarkable improvement in its external and internal monetary position during the latter half of 1951 and the early months of 1952. Growing pessimism gave way to guarded optimism over Holland's immediate economic future. The Government's deflationary policy, some improvement in the terms of trade, and seasonal trade factors were chiefly responsible for the brighter outlook.

The Netherlands' dollar problem, which continues to limit Canadian exports to this country, remains a serious threat. Economic equilibrium is also menaced by the import restrictions imposed by the sterling area and France, and, in the long term, by revived German and Japanese competition. And in interpreting the country's financial position one must remember that defence expenditures, the bulk of which are made abroad, have lagged behind the rate at which funds have been collected to cover them. When defence outlay catches up with the planned amounts, Holland's present surplus position may come more into balance.

Production figures show an increase of $3\frac{1}{2}$ per cent for 1951, even though average monthly output decreased in the last half of the year. In spite of the Government's 25 per cent reduction, private investments remained at about the same level as for 1950. Growing unemployment in the last six months of 1951 was not considered sufficient to require national measures, though the Government and industry may co-operate in assisting hard-hit areas.

Monetary Improvement

Events in Korea upset the equilibrium of Holland's payments balance which had recovered during the course of 1949. During 1950 the country faced a serious balance of payments deficit, which continued through the first six months of 1951. By July of last year the deficit on Holland's foreign exchange balance for that month reached the alarming figure of 283 million guilders.*

Total gold and foreign exchange reserves at the end of July 1951 fell to a low of 894 million guilders. Since reserves of at least 2,500 million guilders are considered necessary to maintain stability, it was obvious that a danger point had been reached.

Beginning in August, however, the position showed monthly improvement. By year's end a surplus of 463 million guilders for December was shown and the total of gold and foreign exchange held by the Netherlands Bank had risen to 1.7 billion guilders. During the first months of 1952 the improvement continued. In April gold and foreign exchange reserves stood at a record high of 2.3 billion guilders.

* One guilder=approx. 25 cents Canadian.

Directly related to the Netherlands improved balance of payments position is her standing in the European Payments Union. Since August 1951 Holland has shown monthly surpluses in EPU which by the end of January 1952 changed the country's debtor position to that of a creditor, and increased its gold and foreign exchange reserves.

External Trade

Netherlands imports for the year totalled 9,673 million guilders, and exports 7,431 million guilders. The resulting trade deficit for 1951 of 2,242 million guilders was 222 million less than in 1950.

Imports, which increased steadily throughout 1950 and reached a peak of 950 million guilders in June 1951, fell rapidly from July on, mainly as a result of government measures.

The average coverage of imports by exports for the year was 77 per cent. In November, however, Holland exported nine per cent more by value than it imported. The November coverage figure of 109 per cent was important as the first occasion in published Netherlands trade statistics when Holland exported more goods than she imported. (Trade statistics were first officially published in 1917.)

Government Action

One of the main causes of the Netherlands' improved financial position during the last half of 1951 was the Government's deflationary policy. The first decision was to reduce net consumption by five per cent, thereby reducing imports. The second step was to lower private and public investment by 25 per cent.

To cut down consumption, the sales tax was increased an average of 15 per cent, mainly on luxury goods. Higher taxes on automobiles and increases in personal and company taxes completed the tax changes. The estimated annual increased tax yield totalled 245 million guilders. Food subsidies, which had been running at about 450 million guilders a year, were reduced by 275 million. This caused immediate price increases up to 20 per cent.

Investment in the private building program was reduced by 310 million guilders. The subsequent improvement in Holland's position, combined with strong public pressure and a new housing loan, led to a resumption of the original building rate in April 1952. Public investments involving projects costing more than 100 thousand guilders were made subject to the approval of a "Central Investment Committee".

Bank credits to individuals were further restricted by increasing the rate of interest to four per cent for bills of exchange and $4\frac{1}{2}$ per cent for promissory notes. These rates were lowered to $3\frac{1}{2}$ per cent when the situation improved.

An improvement in Holland's terms of trade also contributed to the better financial position of the country. The ratio at which Netherlands exports are exchanged for imports of foreign origin worked to Holland's disadvantage throughout the commodity boom which followed the Korean war. The index figure for import prices (base 1948=100) rose from 108 in July 1950 to 139 in August of 1951. Over the same period, the export index figure rose from 91 to 116. By the end of the year, although prices continued to fluctuate at relatively high levels, import costs became less in comparison to export earnings, thus working to Holland's advantage.

External factors also influenced Holland's financial position in the latter half of 1952. From time to time, trade circles talked of the possibility of a devaluation of the British pound and French franc. British and French traders therefore promptly paid outstanding debts in Holland and transferred as much of their currency as possible to this country. The influence of this is extremely difficult to determine, but all serious commentaries on Holland's financial position for 1951 have taken it into account.

The improvement of Western Germany's economic position throughout 1951 assisted Holland because Germany is one of the best Dutch markets, particularly for agricultural products.

Dollar Problem Remains

In spite of the Netherlands' outstanding financial recovery, her dollar position remains unfavourable and dollar shortages continue to hamper Canadian-Netherlands trade. Otherwise, this market could become of great importance to Canada. But at present, if the Netherlands is to increase her imports from Canada she must continue to earn dollars to cover her dollar purchases. A government note on export policy submitted to Parliament in April 1952 outlines in detail new measures to be taken to stimulate dollar sales.*

The average production index figure for 1951 of 145 exceeded that for 1950 by five points. In the branches of production which profited by the gradual increase of defence orders, high production was maintained. Building materials, rubber products, hardware and paper all showed increases over 1950. In some other branches, sales were more difficult. It is hoped that accelerated arms production and normal replacement demand may help the depressed sectors, especially textiles, clothing, leather goods, shoes and cigars.

The Amsterdam-Rhine Canal

The year 1951 saw the final phases of the construction work on the important Amsterdam-Rhine Canal, which was opened on May 21, 1952. The 73-kilometre canal links Amsterdam, Utrecht, the industrial districts of Arnhem, Nijmegen, Bois-le-Duc and South Limburg with the Belgian Meuse and the River Rhine. Most important, it reduces the shipping time from Amsterdam to the frontier town of Lobith by 20 hours, and makes possible night navigation along the canal's entire length.

The new waterway is designed for 4,000 ton vessels but will also be able to handle the few 4,300 ton Rhine barges which are still in service. Navigation on the Rhine River system is done mainly by barges from the Netherlands, Germany, Belgium, France and Switzerland which convey an average of 56 million tons of goods a year. Fifty per cent of the craft sail under the Netherlands' flag.

The Netherlands merchant fleet continued to grow throughout 1951. At the end of the year it consisted of 1,239 vessels totalling 3,145,885 gross registered tons, as compared with 1,153 vessels and 2,896,813 g.r.t. in 1940. The number of steamships has been gradually declining in favour of motor vessels, which at the end of 1951 numbered 1,192 vessels totalling 3,122,737 g.r.t.

* See *Foreign Trade* of June 7, 1952, for details of this new export policy.

Mauritius Lives on Sugar

by Kenneth F. Noble
Canadian Government Trade Commissioner

CAPE TOWN—The economy of Mauritius is dominated by the sugar industry, which supplies more than 96 per cent of the Colony's exports. It thus has a direct and immediate influence on government revenue and expenditure, as well as on private business, wholesale and retail turnover, wages and employment, banking—in fact, on all aspects of life on the island.

The 1950-51 sugar crop was a record one, with a production of 483 thousand metric tons and an export surplus of 463 thousand tons. The prospects for the 1951-52 harvest, which begins early in July, are even more favourable and a production of over 500 thousand metric tons is forecast.

Industry Modernized

The sugar industry has passed through a period of modernization made possible by postwar profits and in the past 18 months has completely rebuilt the processing facilities of the 27 sugar centrals. With installation of new equipment, a higher percentage of recovery is expected for the coming harvest, combined with lower working costs. Moreover, experimental shipments of sugar in bulk during the past year have established that savings of as much as Rs.20 per metric ton are possible.

Most important industry next to sugar is the growing of aloe fibre and its processing into cloth in some 35 factories. The island also has 22 sawmills, 12 wineries, five tea factories, and several oil and soap, cigarette, and match factories.

Trade Balance

The record sugar export in 1950-51, coupled with a more selective control of imports, produced a favourable trade balance of Rs.34.6 million* on a total trade of Rs.440 million, made up of exports of Rs.237.6 million and imports at Rs.203 million. In 1949-50 the *deficit* trade balance was Rs.23 million on a total trade of Rs.327.7 million.

The ten-year plan for improving social and economic life in Mauritius, as proposed in 1949, is being implemented. Projects in hand, to an overall cost of Rs.107.3 million, include the following:

Irrigation and water supply	Rs.35.8 million
Public buildings	10.2 "
Loans to secondary industries	8.2 "
Health	6.0 "
Aid to sugar industry	5.7 "
Agriculture	4.6 "
Research	4.1 "

* One rupee=approx. 20 cents Canadian.

In recent years revenues of the Colony have consistently exceeded expenditure but both have increased rapidly, as the table shows:

	Revenue (millions of rupees)	Expenditure (millions of rupees)
1931-32	17·8	24
1949-50	46	44
1950-51	55·1	50·2
1951-52 (est.)	60	56

The tariff assesses *ad valorem* or specific duties against 19 main groups of imports. Tariff item 44 gives exemption to a wide range of specified products, but all other imports are subject to a general *ad valorem* duty of 10 per cent. A number of items receive preferential tariff treatment if they originate within the Empire. The Colony of Mauritius is part of the sterling area and emphasizes sterling sources of supply when licensing imports. The Colony depends on the Empire for most of its needs.

Rice imports in 1950 amounted to 45,169 tons, compared with 32,604 tons in 1949. Flour imports declined during the same period from 37,451 tons to 14,085 tons. Flour and frozen meats are imported from Australia, live beef from Madagascar, and canned foods from the United Kingdom and South Africa. The United Kingdom is the principal source of supply for all manufactured goods, including textiles, motor car materials, hardware and electrical supplies. Large quantities of low-priced cotton goods are drawn from India, and fertilizers from the United Kingdom, Chile, Belgium and France.



—U.K. information Office.

Producing aloe fibre is the second most important industry of Mauritius. Here the fibre is being dipped in retting vats, then will be dried.

India's Industrial Progress

Good production records in the coal, cement, steel and cloth industries highlighted India's industrial history in 1951.

by Richard Grew
Commercial Counsellor for Canada

NEW DELHI—The most encouraging feature of India's economic history in 1951 was the welcome improvement in industrial production. Despite numerous difficulties—such as the scarcity and high prices of raw materials, labour's "go slow" attitude, and the hampering control regulations—the principal industries for which statistics are available recorded a gain in their index of production. At the end of December 1952 the average general index stood at 123·5 (1946=100), compared with 113·2 in December 1950. For the year as a whole, the figure was 116·6, compared with 105·2 for 1950.

Principal reasons for this spurt in production seemed to be:

- An improvement in the labour situation, with fewer strikes.
- Better supply of raw materials, especially jute and cotton.
- Better transport service, especially on the railroads.
- Improved method of fixing prices.

Some of the important industries showed an improvement greater than that in the general index—as, for example, coal. Its index of production for 1951 was 118·7, compared with 110·8 for 1950. The index for cement production advanced to 207·2 from 169·4 in the previous year. Although the production of cloth reached an index of only 104·4, this was a distinct gain over the previous year—93·8. The low 1950 figure resulted largely from a prolonged labour dispute. The year 1951, however, brought the industry new problems because of an electric power shortage in the principal textile centre, Bombay. The index of paper and paperboard production was well above the general index at 123·7, a considerable improvement over the 102·7 of 1950.

Jute Production Off

Probably the most disappointing record was that for jute goods, the index standing at 80·3. This was a slight improvement over the previous year (76·8). The industry was beset by many difficulties, chief among them a shortage of raw jute. The last two months of the year, however, saw some improvement and the index of production was above 91. In December the working week was extended from 42 to 48 hours and unless unforeseen and unfortunate developments occur in the months ahead, 1952 is expected to witness a considerable rise. The raw jute crop in both

India and Pakistan has been good, and shortage of raw material should not present any problem during 1952, particularly if the existing Indo-Pakistan trade agreement is extended.

Production of jute goods during 1951 amounted to 874 thousand tons, as compared with 836 thousand tons during the previous year. Stocks of jute goods, which stood at 92,346 tons in January 1951 as against 55,410 tons in the same month of the previous year, reached 82 thousand tons at the end of December 1951, compared with 79 thousand the year before.

Coal Output

The rise in coal production was particularly heartening. Total exports of coal and coke amounted to 1,161,834 tons and 16,538 tons as against 568,936 tons and 7,419 tons respectively in the corresponding period of 1950. The following table shows the approximate quantity and value of coal exported to the principal markets:

Country	January to August 1951 1950 (quantity in tons)		January to August 1951 1950 (value in rupees)	
Ceylon	217,260	311,232	6,524,672	9,228,446
Burma	98,661	104,184	2,612,315	5,004,328
Singapore	75,884	15,517	2,263,691	610,833
Hong Kong	107,723	71,092	3,322,398	2,590,923
Japan	260,142	26,429	7,561,161	1,523,637
Australia	74,148	91,451	2,238,717	2,858,351

Exports would have been much higher if deliveries to Pakistan under the trade agreement could have been maintained. When the trade agreement was signed in February last, India agreed to supply Pakistan with 600 thousand tons of coal before the end of June 1951, and another 1.5 million tons between July 1951 and June 1952. However, because of shipping difficulties, only about 800 thousand tons had been despatched by the end of the year.

Under the trade agreement, India had agreed to accept the rupee ratio of 100 Pakistan rupees to 144 Indian rupees and to offset this adverse exchange rate India imposed an export surcharge of Rs.11 per ton on all coal for foreign destinations. This proved a serious handicap in sales to other export markets, and subsequently the Government withdrew the surcharge on existing business with Burma, Malaya, Hong Kong and Ceylon. This measure stimulated the demand from foreign buyers and coincided with an acute seasonal demand for coal for Europe. Shipments have already been made to Denmark, Finland, Norway, Sweden and several Mediterranean ports, and towards the end of the year arrangements were concluded for the sale of 120 thousand tons of best Indian gas coal to the British Coal Board.

In India itself, consumers have been handicapped by the shortage of coastal steamers and the inability of railways to cope with the situation. Industries in Bengal and Bihar have had ready supplies. In Bombay and the south generally plants have had to curtail production because of lack of coal, while supplies have been accumulating at the collieries. The railways have done their utmost to deal with the problem and have succeeded in loading more cars during 1951 than at any time during the past six years.

The Planning Commission, in its draft Five-Year Plan, submitted a comprehensive blueprint for the coal industry. It involves preventing the use of coking coal for purposes other than the production of iron and steel and coking, and replacing this quantity (about eight million tons annually) by coal of other qualities. Other measures were also suggested.

Steel Production

Steel production during 1951 amounted to 1,052,000 tons, as against 953 thousand tons in 1950 and 930 thousand in 1949. This increase helped to minimize the effects of the decrease in imports of steel from 284 thousand tons in 1950 to 150 thousand tons in 1951. The annual demand for steel in India is estimated at 2·5 million tons; production is about one million tons. The Government has been assisting the main producers to expand their production and following through on a project of state-owned steel plants to produce another one million tons a year. Financial stringency, however, has shelved this plan temporarily.

One of the projects recommended by the Planning Commission is the extension of the Mysore Iron and Steel Works at Bhadravati, Mysore. This would harness the large volume of electric power from the Mahatma Gandhi hydro-electric works at Jog Falls to step up production of pig iron from its present level of 25 thousand tons a year to nearly 125 thousand tons and convert it into finished steel.

Cotton Textiles

In 1951, the cotton textile industry produced a little over 4,100 million yards as against 3,714 million yards in 1950. Production of yarn reached 1,300 million lbs., compared with 1,174 million lbs. in 1950.

Main factors in this achievement seemed to be:

- An improvement in the supply of cotton, thanks to substantial imports from the United States and the effective enforcement of cotton control which enabled the mills to get home-grown cotton at the ceiling prices;
- Better control prices on cloth for internal consumption and higher prices realized for exports;
- Spinning of a larger quantity of fine and superfine cotton, which gives more yardage than coarse and medium counts;
- Absence of labour trouble in the textile-producing centres.

In 1950, India attained the distinction of being the largest exporter of cotton textiles in the world, exporting 1,102·3 million yards valued at Rs.942 million. This record, however, could not be maintained, as at the beginning of the year the stocks of cloth in the country were dangerously low. The Government therefore not only restricted exports but even banned considerable business that had already been booked. This action placed the mills and exporters in a difficult position and adversely affected India's position as a major supplier of cloth. The imposition of an export duty of 10 per cent ad valorem at the beginning of the financial year was considered reasonable by exporters, but with effect from June 7, when the bulk of exports intended for the year had been completed, the Government raised this duty to 25 per cent. For the first eight months of the year, which are the latest figures available, exports of cotton cloth totalled

653·4 million yards, which, on the basis of the monthly average, would work out to 968·4 million yards, for the entire year, a reduction of 133·9 million yards as compared with 1950.

Government Factories

Not much progress was made during 1951 on the industrial projects being developed and managed by the Government of India. Main reasons were lack of capital and difficulty in obtaining the necessary equipment from abroad. One major exception to this is the Sindri Fertilizer Project, which went into initial production on October 31. (See *Foreign Trade* of June 28, 1952.) Other undertakings which made some progress were the government machine tool factory near Bangalore; the penicillin factory being established with the help of UNICEF and WHO near Poona; the locomotive manufacturing workshop in West Bengal, now almost completed, and several other plants.

Hindustan Aircraft Ltd., situated at Bangalore, has made creditable progress in the design of the HT-2 Trainer, an elementary training type of aircraft intended to meet the needs of the Air Force and civil aviation. Considerable work has also been done on the assembly and production of the Percival Prentice Trainer for the Indian Air Force, under an arrangement with the Percival Aircraft Company of England. The factory has also been carrying out repairs and overhaul work for the civil air transport companies and has undertaken a contract from the Ministry of Railways to manufacture third-class passenger coaches. The company is under the administrative control of the Ministry of Defence.

Foreign Investment

The only venture in which foreign capital participated to any extent during the year was the setting-up of modern oil refineries in Bombay by the Standard Vacuum Oil Company and Burmah-Shell. The terms of the contract with the United States firm, which was signed in November, provide that the refinery shall be owned and operated by an Indian rupee company with an authorized capital of \$35 million, one-fourth of which will be available to Indian nationals. The subscribed capital will be \$10 million. The refinery, which will have a capacity of 1·5 million tons and is expected to be completed in about three years, will be on the most modern lines. The company has agreed to train Indian technical personnel and also employ qualified Indians as and when available. It will be responsible for housing of labour and has set aside Rs.2·5 million for this purpose. It has also undertaken to assist Indian industrialists to develop such industries as are dependent on the by-products of the refinery.

The Government of India has given a guarantee to the firm not to acquire the refinery for a period of 25 years. It will also enjoy protection for ten years from commencement of operations.

The contract with Burmah-Shell, signed in December, follows broadly the same principles. At the end of the year government officials were conferring with Caltex, the third large oil company, which is considering the establishment of a refinery at a suitable port on the east coast.



U.S. Appointment Made

A new appointment announced recently by the U.S. Office of International Trade points towards increasing United States interest in trade fairs abroad. Alfred Bliss, of New York, has joined the Office as consultant on international affairs. Mr. Bliss's special function will be to co-ordinate and help to carry out a new government-industry program for U.S. participation in the major international trade fairs.

The State Department, the Department of Commerce and the Mutual Security Agency are co-operating in this venture with the National Association of Manufacturers, prominent export advertisers, and other interested businessmen. Industrial companies will supply the greater part of the display material. Mr. Bliss himself has had 25 years' experience in designing and making exhibits for leading firms in the United States, Brazil and Cuba. His first assignment is the co-ordination of U.S. exhibits for the International Fair opening on August 20 at Izmir, Turkey.

Paper in Paris

The third International Show of Paper-Manufacturing and Graphic Techniques will be held in Paris October 23-31. It is designed to attract those interested in many phases of the graphic arts—manufacturers of paper and cardboard, printers, book-binders, photo-engravers, etc. The exhibits, coming from many countries, will feature machines, accessories and supplies for the production, processing and printing of paper and cardboard; the binding of books; and the photo-engraving process. The place: Parc des Expositions of the Porte de Versailles, Paris.

What's New in Radio?

The latest developments in British radio and television will be highlighted on August 26, when the British National Radio Show opens at Earls Court, London.

The exhibit will have both eye and "ear" appeal. Over 150 British manufacturers of radio, radar and electronic equipment will display their products; thirty makers of TV equipment will put on a continuous demonstration of their newest-type receivers. And, to go a step farther, the BBC will set up a television studio and both rehearse and produce "live" TV

shows featuring British stars. The armed services will exhibit the radio and radar equipment which they are using—and the nautical-minded may watch miniature ships being controlled by radio.

Overseas visitors will be welcomed at the Overseas Reception Bureau, which will provide guides and a general information service. Trade buyers from abroad may enjoy the facilities of the Overseas Trade Buyers Club. The show will run from August 26-September 6.

Fairs in Canada

The following are a few of the fairs and merchandise shows scheduled in Canada in the next four months:

Pacific National Exhibition, Vancouver, Aug. 20-Sept. 1.

Canadian National Exhibition, Toronto, Aug. 22-Sept. 6.

Canada Housewares and Home Appliances Show, Palais du Commerce, Montreal, Sept. 16-20.

Business Show, National Office Management Association, Windsor Hotel, Montreal, October 14-16.

National Canadian Shoe and Leather Fair, Automotive Bldg., CNE, Toronto, October 14-18.

Royal Agricultural World Fair, Coliseum, CNE, Toronto, November 14-21.



One section of the display of Canadian woods and wood products featured in the Canadian Showroom, Rockefeller Center, during July and August. The exhibit is drawing hundreds of interested New York visitors.

United Kingdom Weathers Exchange Crisis

In the second quarter of 1952, the sterling area made progress towards its objective of living within its means.

by R. Campbell Smith
Commercial Secretary for Canada

LONDON—The United Kingdom reserves of gold and dollars fell by only \$15 million in the quarter just ended, as compared with the disastrous drop of \$935 million which greeted the incoming Government in the last quarter of 1951. Losses in the first quarter of this year reached \$635 million. Reserves now stand at \$1,685 million—or \$260 million above the record low of \$1,425 million in September 1949.

Dollar Aid

The major factor in this latest improvement in the balance of payments was United States defence aid of \$202 million. Aid in the previous three quarters totalled: third quarter, 1951, \$46 million; fourth quarter, 1951, \$6 million; first quarter, 1952, \$1 million. It is worth noting that ECA extended aid during the critical year 1949 on a much larger scale, an average of \$340 million each quarter.

Exclusive of U.S. defence aid, the sterling area as a whole has reduced its deficit with the dollar area from \$425 million in the first quarter of 1952 to nearly \$70 million in the second.

In announcing these figures in the House of Commons, the Chancellor of the Exchequer, Mr. R. A. Butler, said that seasonal factors in external trade had been working in favour of the United Kingdom simultaneously with the effect of cuts in dollar imports by the United Kingdom and other Commonwealth Governments.

The EPU picture brightened in the last quarter. Total gold payments to EPU came to \$143 million as compared with \$290 million in the previous quarter. This is a decided improvement, but it was hoped that EPU deficits would be much lower.

An agreement was recently made in Paris to transfer \$50 million of the Belgian credit into bilateral credits to the United Kingdom and France, to be repaid by deliveries of armaments over two years. Last month, the United Kingdom received for arms deliveries an advance payment of \$33 million out of the \$50 million.

Essentially the task of the United Kingdom is developing a favourable trade balance with the rest of the sterling area (the deficit in the second half of 1951 was £150 million) and eliminating its deficit with non-sterling countries (£600 million in the second half of 1951) without U.S. aid. The United Kingdom has, therefore, to the extent of \$202 million in dollar aid, been unable to achieve its minimum objective this last quarter by \$15 million.

The spectacular gains of the last three months means that the sterling area has gone a long way toward achieving its first objective of living within its means. During the coming quarter, however, these gains will be more difficult to maintain on three counts:

- Certain principal sterling area exports, such as wool and cocoa, will be at their lowest ebb.
- Import expenditures on such staples as wheat and tobacco will begin to rise.
- There is no assurance that U.S. defence aid earnings will be maintained at the rate realized last quarter. (Of the Mutual Defence Act and the Mutual Security Act appropriations totalling \$422 million for expenditure in the United Kingdom, \$221 million is still to come.)

On the other hand, the counterbalancing impact of Commonwealth import cuts should be felt in this period and the terms of trade continue to be favourable. The ratio of import prices to export prices remains steady at 95 to 100 (1951 prices=100).

While the out-turn for the current quarter is problematical, the final quarter, with its relatively heavy dollar earnings, should be normally reckoned as this year's bumper period. However, seasonal expenditures on wheat and tobacco and the year-end payments on the U.S. and Canadian loans also fall within this period.

Exports Lag

Exports during April and May of this year dropped to an average of £221.6 million from £239.5 million for the first quarter—that is, by almost £18 million. The drop of over £19 million in exports to Australia largely accounts for this. The general decline in textile exports cannot, however, be attributed to Australian import cuts alone. The diversion of exports from Australia to other markets was successful, on the whole, in other categories such as engineering products, machinery and automobiles. (Sales of the latter rose by \$10 million in Canada and the United States in April and May.) This is evidence that the necessary switch in the direction of overseas trade is beginning to take place.

Coal exports rose from an average of £3.6 million in the first quarter to £5.4 million in the second. They have contributed £15.6 million so far this year toward closing the trade gap, exceeding exports for the first half of 1951 by £10.5 million. The release of still greater tonnages for export this year has recently been announced.

Total imports of raw materials were lower in May because of the reduced take in raw cotton but manufactures of iron and steel were imported at twice the rate of the first quarter.

In the aggregate, exports failed to expand last quarter though the diversions to the dollar area were encouraging. The emergency measures to restrict imports are taking effect but until exports can be maintained at a high level the United Kingdom will not solve its balance of payments difficulties. Exports averaged about £228 million a month during the first half of 1952 (£223 million during the second half of 1951). If reserves are to reach the point where dollar and non-dollar imports may be raised again, it calls for further effort to balance accounts with EPU countries and increase dollar earnings.

The Chancellor has warned that it may be necessary to apply additional import restrictions, which may be directed mainly against imports from Europe.

A continued inflow of capital seems to be of prime importance to the finances of the sterling area. This must be achieved by strengthening sterling. In April and May there was a considerable outflow of capital with a weakening of the exchange rate, but this movement may now be reversing itself.

Henceforth figures for gold and dollar reserves will be released by the Government every month instead of once a quarter. EPU figures are issued monthly.

Agriculture in the Congo

LEOPOLDVILLE—The improvement of farming methods has been one of the principal objectives of Belgian economic planners in the Congo—but they have found it difficult to make headway. The native farmers like to stick to primitive tools and it is hard to convince them of the value of new techniques. Progress too depends on a fundamental change from the collective system to one in which individual farmers can gain economic freedom.

Two well-known organizations in the Congo are working unceasingly to improve and conserve the soil. They are INEAC (Institut National pour l'Etude Agronomique au Congo) and IRSAC (Institut de Recherches Scientifiques en Afrique Centrale). Their experts have for some time been studying native farming methods in the general framework of tropical land conditions. Naturally, the problem is not simple and is complicated by the enormous size of the Congo and the changes in altitude.

Under these varied conditions native farmers are not progressing rapidly. The area of land under cultivation is being steadily enlarged but, on the other hand, industry, commerce and transport are making growing demands on a limited labour force. This situation calls first of all for more machines in agriculture, but experience has shown that mechanization cannot bring about solutions overnight.

The primary plan is to stabilize the settlement of groups of farmers on suitable land and then create a purchasing and marketing co-operative. Such steps, it is believed, would bring about joint purchase and joint use of agricultural machinery. For this purpose the Cotton Fund, as an example, put a sum of ten million francs (about \$400,000) at the disposal of the Agricultural Service. This money will be used to buy tractors, bulldozers, mechanical saws, ploughs, rice and manioc mills, etc. This equipment will then be moved from village to village, starting in the Gandajika region in the north of the Sankuru (Kasai). Agricultural experts will follow the experiments closely because they may well pave the way to the future development of the Congo's agriculture.

—L. A. CAMPEAU

Acting Canadian Government Trade Commissioner.

Commodity Notes

CHILE

Rice—The Agricultural Board estimates the rice crop this year at 80,000 tons, almost twice last year's. The area planted, 24,950 hectares, is only 550 hectares more than last year—Santiago, June 16.

Wheat—To maintain sufficient stocks of wheat to fill requirements until the next harvest, the Institute of Agricultural Economy has been requested to study conditions for the import of at least another 100 thousand metric tons. The total amount to be imported to cover the production deficit will be approximately 200 thousand metric tons—Santiago, June 5.

ISRAEL

Tires—The Alliance Tire and Rubber Company's pilot plant was opened at Hadera in April. The main plant, to be completed within three or four months, is initially scheduled to produce up to 100 thousand tires a year, mainly for heavy trucks. The factory, a joint U.S.-Israel enterprise, has been designed with expansion in mind, and the latest type of heavy machinery being installed can cope with double the scheduled output. At present some \$8 million is spent every year to import tires. The output of the new plant is expected to save half this amount immediately. Eventually, foreign currency earnings from exports will probably cover the purchase of raw materials without the need of special allocations by the Treasury—Athens, June 15.

Copper—A preliminary agreement for the exploitation of copper deposits in the Negev area was recently signed between the government-sponsored Mining Industries Limited and the Societe Belgo-Continentale des Mines et Metaux. Actual production is scheduled to begin early in 1954. The Belgian company is to provide technical advice, experts, blueprints, its patents, and overall planning. The equipment and exploitation is to remain in the hands of the Israeli company. The Belgian company is to receive payment after exploitation begins—Athens, June 20.

JAPAN

Rice—The Government Food Board which handles rice imports has announced plans to bring in 1,010,000 tons of foreign rice during the present year. Imports will come from 11 countries: Thailand, Burma, Italy, the United States, Formosa, Egypt, Brazil, Mexico, Spain, Ecuador and Uruguay. Spain, Ecuador and Uruguay appear on the list of suppliers for the first time—Tokyo, June 25.

Motor Cars—The Ministry of Transportation estimates that Japan will import 33 thousand passenger cars during the next five years. This is slightly more than half of the quantity which will be required, according to the production and import plan drafted by the Ministry. It is antici-

pated that Japanese manufacturers will be able to supply 30 thousand cars in the period and the remainder will probably be bought from Europe to utilize accumulated sterling holdings—Tokyo, June 25.

SCOTLAND

Coal—There is considerable disappointment over the comparative failure of Scottish coal production to expand since nationalization. In 1938 and earlier years, the production figure was above the British average, but this year the output per man-shift is lower than in 1947. The Scottish Division Coal Board says the reasons lie largely in the position of the Scottish mining industry in prewar days and the wartime lag in new development. They hope, however, that the substantial increase in output per man-shift contemplated in their "Plan for Coal" will be achieved within the prescribed period—that is, by 1961-65—London, June 13.

SOUTH AFRICA

Textiles—The biggest contracts ever awarded by the Union Government to South African textile manufacturers, totalling £1,006,007, have been announced by the Union Tender and Supplies Board. The orders are for clothing and tentage required by the Union Defence Force in the Government's stockpiling program, and are regarded as the start of big-scale government buying from the South African textile industry. Already further tenders are being called for clothing items which will be required throughout the year—Johannesburg, June 18.

SWEDEN

Nylon Stockings—Swedish manufacturers of nylon stockings are finding the sale of their products on the domestic market increasingly difficult, mainly because of larger imports from the United Kingdom. So far, two large factories have been forced to close down. Most of the imported nylon and rayon stockings are from the United Kingdom—some 12 tons in 1949. In 1950 Swedish imports from England of nylon stockings amounted to 136 tons and in 1951 to 157 tons.

The Swedish annual production of stockings is about 500 tons. Of this amount, about 140 tons (eight to nine million pairs) are nylon. The Swedish stocking industry is entirely dependent upon imported yarn for the manufacture of nylons and during recent years has had difficulty in covering requirements—Stockholm, June 6.

VENEZUELA

Lubricating Oil—A \$23 million refinery for the production of lubricating oils of all types has been opened at Punta Cardon, Falcon State. This refinery is the largest in Latin America and will produce 100 thousand tons of lubricating oils a year. Venezuela's annual consumption of 12 thousand tons was formerly imported. This new refinery converts Venezuela from an importer to a net exporter of lubricating oils—Caracas, June 18.

Colombo Becomes a World Port

by T. M. Burns
Assistant Canadian Government Trade Commissioner

COLOMBO—Colombo's strategic position on trade routes connecting Europe, Africa and North America with South and Southeast Asia, the Far East and Australia makes it a most important transit port for world shipping. Some 35 commercial shipping lines use it regularly. During 1951, 2,780 ocean-going vessels of a registered tonnage of 11·8 million tons called there. These figures include 717 vessels which came only for bunkering but exclude the relatively large numbers of warships, transports, hospital ships and similar vessels of the British, French, Dutch, United States and other navies which visit Colombo more or less frequently. The following table compares the volume of traffic in the port of Colombo with four representative Canadian ports:

Ports	No. of Ships in Foreign Service Entering	Tonnage
Colombo, 1951	2,780	11,839,000
Halifax, 1950	1,014	3,204,000
Saint John, 1950	495	1,451,000
Montreal, 1950	1,784	4,788,000
Vancouver, 1950	2,437	5,260,500

Colombo's importance is enhanced because it is the only port of significance in Ceylon's foreign trade. In 1951, 1·7 million tons of goods were imported and 732 thousand tons exported through Colombo, comprising more than 95 per cent of the country's total foreign trade. These figures show an increase of 11 per cent over 1950.

Importance Recognized

Colombo's importance is a fairly recent development. The coast of Ceylon has only two natural harbours of any size—Galle and Trincomalee. Galle, at the southwest tip of the island, was known and used by the Greeks and Romans and a valuable entrepôt trade between the Mediterranean and China was built up through this port. During the Portuguese and Dutch occupations of Ceylon, Galle became an important fortified outpost and it continued to be a normal port of call for shipping in this area. However, its harbour, which is shallow and has a somewhat difficult entrance, was not suitable for larger steam vessels. It soon lost most of its trade to Colombo which was developed as a modern harbour in the late 19th century.

Trincomalee, on the northeastern coast, is one of the largest and best-protected natural harbours in the world. It has been a British naval station for many years yet it has never achieved real importance as a city or as a commercial centre. Its distance from the main ocean trade routes and from inland business areas explains the fact.

Although European ships had called at Colombo since the 12th century, it was not until 1875 that it began to attain its present rank among world ports. In that year the foundations of its mile-square artificial harbour

were laid with the commencement of a 4,000-foot breakwater, completed ten years later, which protected shipping from the effects of the southwest monsoon. Once this was built, Colombo quickly supplanted Galle as the commercial and transit port of Ceylon and its volume of traffic rapidly increased. From a total of 170 thousand tons of shipping calling at the port in 1871, traffic rose to 11·8 million tons in 1951.

Since the beginning, the port of Colombo has operated almost entirely on a lighterage basis. This system worked reasonably well in earlier years but it was apparent after the last war that the rapidly increasing number of ships calling at the port would strain the facilities seriously. Accordingly, plans to modernize the port were approved by the Colombo Port Commission in 1946. These plans visualized the construction of five alongside quays which will provide berths for 14 to 16 ocean-going vessels, permitting them to load and discharge cargo directly at the quays. Five of these berths will have special facilities for passenger ships and two will be adapted for bunkering. The contract for the construction of these works was given to a French firm in 1950 and it is expected that the scheme will be completed by 1955.

Development Proceeding

When all the berths are completed, they should be able to handle about two-thirds of the traffic entering the harbour. However, lighters will still have to be used, particularly for the import of some foodstuffs and for export cargoes. That this development was urgently required is evidenced by the fact that steamship lines using the port found it necessary from May 1, 1951 on to impose a 25 per cent surcharge on all general cargoes consigned to Colombo. The congestion in the port and the inadequate storage space, which seriously delayed the turn-round of ships in Colombo and which made this surcharge necessary, have not yet been remedied and it is unlikely that these increased rates will be removed for some time.

The Port Development Scheme is expected to benefit substantially Colombo and Ceylon's trade generally. The facilities for the direct discharge and loading of cargoes will reduce the handling costs of Ceylon's imports and exports. This is important for a country which depends almost entirely on its exports of tea, rubber and coconuts to pay for its imports of food and industrial products. The authorities also see possibilities for the establishment of a valuable transshipment trade and increased use of the port as a transit centre on world trade routes.

TAXATION STUDY

The Canadian taxpayer who wishes to know how much he pays in taxes to the three governing authorities—municipal, provincial and federal—can now find an answer to that question. It is contained in the recent Report of the Senate's Standing Committee on Finance, which examined expenditures proposed in the estimates laid before Parliament for the fiscal year ending March 31, 1953. In its investigations, the committee went on to study taxation in other fields and the pressure of government spending under present conditions. Copies of the Report are available from the Queen's Printer.

General Notes

ARGENTINA

Grain Prospects Good—Heavy rains the first week of June and again about the middle of the month over the entire grain zone have greatly improved the crop prospects for wheat and grain. In the western fringe of the Pampa, up to four inches of rain fell in districts that had been suffering from drought for the past three years and moisture conditions are considered the best possible for this time of the year. The yields of wheat, rye and barley from this area largely determine whether Argentina has a big crop or not. Since grain growers in this region have had little or no crop for three years, it is expected that the acreage seeded will be substantially increased. Seeding continues under excellent conditions, but much depends on the weather before harvest in late November. With some rain in the coming months and no early frosts, prospects are that Argentina may harvest at least six million tons of wheat. This would be slightly higher than the 1950-51 harvest and would provide an export surplus of more than 2½ million tons, a sharp contrast to the 2·3 million tons harvested in 1951-52, which was less than home requirements—Buenos Aires, June 24.

ISRAEL

Currency Reform and Compulsory Loan—The Finance Minister of Israel has announced the following regulations, with immediate effect:

- Existing banknotes have ceased to be legal tender and are to be exchanged by June 6, 1952, against the new notes issued by the Bank Leumi (existing notes, ordered under the Mandate, had been issued in the name of the Anglo-Palestine Bank). Coins continue to be legal tender.
- Banknotes in denominations of I£5 and over are to be exchanged with deduction of 10 per cent, to be applied to a four per cent compulsory loan repayable after 15 years.
- Ten per cent of all banking accounts of I£50 and over, as on the evening of June 8, 1952, will be deducted on account of the compulsory loan—Athens, June 21.

JAMAICA

Airport for Grand Cayman—Grand Cayman, the island dependency of Jamaica some 200 miles to the west, is to have an airport with a 5,000 foot runway. The cost is estimated at £90 thousand and Jamaica has agreed to an advance of £25 thousand, free of interest, to begin construction, pending final arrangements for financing—Kingston, June 25.

PHILIPPINES

Plans to Use Electric Trains—Under plans for a five-year rehabilitation and extension program for the Manila Railroad Company, the management intends to go ahead with electrification of the railroad. The railroad's

change-over to electric trains would be co-ordinated with operations of the National Shipyards and Steel Corporation, who would be given the work of manufacturing electrically driven locomotives—Manila, June 12.

Forest Products Laboratory Projected—The Mutual Security Agency in Manila has announced an allocation of \$217 thousand to establish a modern forest products laboratory, patterned after the one at Madison, Wisconsin. The project calls for the construction of a laboratory building at the University of the Philippines' College of Agriculture and Experimental Station at Los Banos. It is to be equipped with modern instruments and wood-processing machinery—Manila, June 16.

SCOTLAND

Revive Stone Industry—Determined efforts are being made to revive the Scottish stone industry. Since October 1951, the Ministry of Works has approved major construction valued at about £9·5 million in which stone will be used to some extent. The North of Scotland Hydro-Electric Board and the Department of Health for Scotland are, each in its own sphere, promoting the use of local stone in the building of generating stations, sub-stations and staff houses, housing developments, government buildings and school and hospital extensions—London, June 3.

SWEDEN

Coastal Shipping—Difficulties in the wood products market are beginning to affect Swedish shipping, it is reported, particularly in the northern Swedish harbours, where vessels have had to leave in ballast. Even shipping companies in Malmo (Southern Sweden) are beginning to feel the crisis and several vessels have been laid up. If this development continues it is expected to affect more ships. Competition from Dutch and German shipping companies is becoming increasingly severe—Stockholm, June 20.

SOUTH AFRICA

Air Service to Australia—The growing importance of trade between South Africa and Australia is highlighted by the recent announcement that the Quantas Empire Airways will begin a direct service between the two countries in September. Economic advantages from this service will be considerable, it is expected, as one of the difficulties in the way of trade expansion in the past has been the round about ten-day air mail service via Cairo, Karachi, Singapore and Perth.

In 1948 Australia sold £2·8 million worth of goods to and imported £3 million worth from the Union and its neighbouring territories. In 1949 the figures were £5 million and £2·7 million. The impressive increase in South Africa's purchases from Australia has been influenced, of course, by currency restrictions. South African businessmen are turning more and more for their requirements to soft currency sources—Johannesburg, June 18.

Italy's Foreign Trade in 1951

by A. A. Caron,
Assistant Commercial Secretary for Canada

ROME—Italy was Canada's second largest market in continental Europe last year, taking \$48·8 million worth of Canadian products as compared with \$15·5 million in 1950. Wheat was the largest purchase—\$23·7 million compared with \$4·7 million in 1950—and represented 50 per cent of total Canadian sales to Italy.

Wheat flour purchases also increased, from \$210·5 thousand to \$8·5 million. Other major items imported from Canada were: codfish, \$2·9 million; drugs and chemicals, \$2·7 million; copper ingots, bars and billets, \$1·9 million.

Canadian imports from Italy in 1951 were up too—\$14·2 million as compared with \$9·4 million in 1950. The biggest item by far was worsteds and serges valued at \$2·6 million, against \$775·4 thousand in the previous year. Canada also bought more of the following Italian commodities:

	1950	1951
Jute fabrics	\$ 44,203	\$2,599,341
Synthetic fibres and fabrics	230,524	355,604
Woollen yarns	137,403	767,829
Tinned tomatoes	85,098	683,343
Wines, non-sparkling	152,937	179,311

Record Foreign Trade

Italy's foreign trade in 1951 set a record but the trade deficit was larger, reversing the 1950 trend toward a better balance. The deficit in the first ten months of last year was \$417 million, compared with \$225 million in the same period of 1950.

This excess of imports over exports applied not only to the dollar area but to almost all other currency groupings. The only exception was the EPU. However, Italy's strong creditor position with EPU must be considered in relation to its need to switch to dollar areas for some essential commodities. For example, Italy had to import substantial quantities of coal and wheat from the dollar areas because of shortages in Western Europe. Obviously this increased the dollar deficit and strengthened its position with EPU.

Both volume and value of Italy's imports last year increased. The figures for the first ten months of 1951 were 23 million tons valued at \$1,753 million, compared with 18 million tons valued at \$1,185 million in 1950. The record volume indicates Italy's need to build up stocks and its heavy reliance on imports to carry out industrial expansion plans.

Exports too rose in both value and volume. The value in the first ten months of 1951 was \$1,337 million against \$960 million in 1950. The volume increase was the result of greater demand in other countries which Italy was able to supply through fuller use of its capital and labour resources. However, import restrictions adopted by France and the United Kingdom early this year against EPU countries will probably lower Italian exports of less essential products.

Trade and Tariff Regulations

Bermuda Issues Import Control Notices

The Bermuda Supplies Commission advised, on June 25, that imports of sherbet mix, frozen pudding mix and avoset whipping cream from Canada and the United States will be permitted on and after June 30, 1952.

The same notice advises that imports of electric dehumidifiers will not be allowed from dollar sources.

Bermuda Permits Imports of Fresh Meats

The Bermuda Supplies Commission, in a notice of June 25, advised that import permits would be granted for fresh meats from all the provinces of Canada, for arrival in Bermuda on and after July 14.

Haitian Regulations on Flour Shipments

The Minister of Commerce of Haiti has requested that Canadian flour mills indicate on all commercial bills the Haitian import licence number on shipments of I.W.A. flour to that country.

New Mexican Requirements for Powdered Milk Imports

Mexico City, July 9—FTS—The Mexican Government has announced that import permits for powdered milk from Canada will now be granted by the Ministry of Economia, provided its pasteurization requirements are met satisfactorily. Each shipment will require an individual import permit from the Ministry of Economia. The Canadian shipper must also provide an appropriate pasteurization document, certified by the Mexican Consul. The Canadian Department of Agriculture will supply the required certificate stating that the milk has been pasteurized at 150 degrees Fahrenheit in its liquid form for not less than 20 minutes prior to the drying process.

New Zealand Prohibits Imports of Animal Sausage Casings

A cablegram of July 17 from the Canadian Commercial Counsellor at Wellington advises that the import of animal sausage casings from Canada is prohibited, effective July 16, 1952.

Philippines Prohibits Import of Kraft Paper

Manila, June 19—FTS—The Philippine Import Control Commission has announced that, in following the policy of promoting local industries, it has disapproved and will henceforth disapprove all applications for the importation of kraft paper used to wrap groceries and other commodities.

Foreign Trade Service Aboard

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay, Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies Australia (Victoria, South Australia, Western Australia, Tasmania) Australia	C. M. Croft, Commercial Counsellor for Canada R. W. Blake, Acting Commercial Secretary for Canada R. W. Blake, Agricultural Secretary for Canada	City Mutual Life Building, 60 Hunter Street, SYDNEY 83 William Street, MELBOURNE 83 William Street, MELBOURNE	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boîte Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	Acting Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
Brazil	C. R. Gallow, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140
Brazil	C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
Ceylon	Paul Sykes, Canadian Government Trade Commissioner	Galle Face Hotel, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner	Calle 19, No. 6-39, BOGOTA	<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
Cuba Dominican Republic, Haiti, Puerto Rico	A. W. Evans, Commercial Secretary	Canadian Embassy, Avenida de las Misiones 17, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> M-9839
Egypt Aden, Anglo-Egyptian Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Iraq, Lebanon, Saudi Arabia, Syria	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 74010
France Algeria, French Morocco, French West Africa, Tunisia France	J. P. Manion, Commercial Counsellor for Canada J. H. Tremblay, Agricultural Secretary for Canada	3 rue Scribe, PARIS 3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPERA 42-30 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPERA 42-30
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India Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 20672
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Japan Korea	J. C. Britton, Commercial Secretary	Canadian Embassy, TOKYO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 48-4116
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Netherlands Belgium, Denmark, Luxembourg	Acting Agricultural Secretary	Canadian Embassy, Sophialaan 1-A., THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
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Singapore Brunei, Federation of Malaya, Indonesia, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room D-5, Union Building, SINGAPORE	<i>Mail:</i> P.O. Box 845 <i>Cable:</i> CANADIAN <i>Tel.:</i> 7739
South Africa (Natal, Transvaal) Southern Rhodesia, Northern Rhodesia, Nyasaland, Portuguese East Africa, Kenya, Tanganyika, Uganda, Zanzibar	C. B. Birkett, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 715 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2628
South Africa (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	K. F. Noble, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangiers	E. H. Maguire, Canadian Government Trade Commissioner	70 Avenida Jose Antonio, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 21-41-13
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Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	T. G. Major, Canadian Government Trade Commissioner	†Colonial Building, 72 South Quay, PORT-OF-SPAIN	<i>Mail:</i> P.O. Box 125 <i>Cable:</i> CANADIAN <i>Tel.:</i> 4787
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United Kingdom (Northern Ireland)	H. L. E. Priestman, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	<i>Mail:</i> (City Address) <i>Tel.:</i> 21867
United States Delaware, Maryland, Virginia, West Virginia	J. H. English, Commercial Counsellor	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON, 6, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> DEcatur 1011
United States	Dr. W. C. Hopper, Agricultural Counsellor	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON, 6, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> DEcatur 1011
United States (Connecticut, New Jersey, Pennsylvania, eastern New York State), Bermuda	A. E. Bryan, Deputy Consul General of Canada and Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUdson 6-2400
United States	M. B. Bursey, Consul of Canada and Trade Commissioner (Fisheries)	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUdson 6-2400
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. A. Strong, Consul General of Canada	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> HANcock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	D. S. Cole, Consul General of Canada	Canadian Consulate General, Chicago Daily News Bldg., 400 West Madison Street, CHICAGO 6	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> STate 2-7312
United States (Michigan, Ohio, western New York State)	B. C. Butler, Consul of Canada and Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, DETROIT, 26	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> WOODward 5-2811
United States (City of Los Angeles, Southern California, Arizona)	V. E. Duclos, Canadian Government Trade Commissioner	510 West Sixth Street, LOS ANGELES 14	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> VANDike 7114
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	G. A. Newman, Consul of Canada and Trade Commissioner	Canadian Consulate, 201 International Trade Mart, NEW ORLEANS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> RAYmond 2136
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Nominal Foreign Exchange Quotations

The following nominal quotations may prove useful in checking prices or considering statistics.

Importers and exporters are, however, urged to check with their banks before making any financial arrangements for the purchase and sale of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations July 11	Nominal Quotations July 21
Argentina.....	Peso.....	Basic Ex. Free Export	-2977 -2085	-1954 -0703	-1942 -0699
Austria.....	Schilling.....			-0457	-0454
Australia.....	Pound.....		3-2240	2-1765	2-1660
Belgium and Belgian Congo.....	Franc.....		-0228	-0194	-0192
Bolivia.....	Boliviano.....		-0238	-0162	-0162
British West Indies (except Jamaica).....	Dollar.....		-8396	-5668	-5641
Brazil.....	Cruzeiro.....		-0544	-0528	-0525
Burma.....	Rupee.....		-3022		
Ceylon.....	Rupee.....		-3022	-2051	-2039
Chile.....	Peso.....		-0233	-0078	-0078
Colombia.....	Peso.....		-5128	-3907	-3884
Costa Rica.....	Colon.....		-1800	-1744	-1733
Cuba.....	Peso.....		1-0000	-9769	-9709
Czechoslovakia.....	Koruna.....		0-2000	-0195	-0194
Denmark.....	Krone.....		-2084	-1414	-1406
Dominican Republic.....	Peso.....		1-0000	-9769	-9709
Ecuador.....	Sucre.....		-0740	Off. Free -0651	-0647 -0561
Egypt.....	Pound.....		4-1330	2-8052	2-7881
El Salvador.....	Colon.....		-4000	-3907	-3884
Fiji.....	Pound.....		3-6306	2-4510	2-4392
Finland.....	Markka.....		-0062	-0042	-0042
France, Monaco and French North Africa.....	Franc.....		-0037	-0028	-0027
French Empire—African.....	Franc.....		-0073	-0056	-0055
French Pacific Possessions.....	Franc.....		-0201	-0154	-0153
Germany.....	Deutsche Mark		-3000	-2326	-2312
Guatemala.....	Quetzal.....		1-0000	-9769	-9709
Haiti.....	Gourde.....		-2000	-1954	-1942
Honduras.....	Lempira.....		-5000	-4884	-4855
Hong Kong.....	Dollar.....		-2519	-1700	-1692
Iceland.....	Krona.....		-1541	-0599	-0596
India.....	Rupee.....		-3022	-2051	-2039
Iran.....	Rial.....		-0212		
Iraq.....	Dinar.....		4-0300	2-7206	2-7075
Ireland.....	Pound.....		4-0300	2-7206	2-7075
Israel.....	Pound.....		3-0000	2-7206	2-7075
Italy.....	Lira.....		-0017	-0015	-0015
Jamaica.....	Pound.....		4-0300	2-7206	2-7075
Japan.....	Yen.....		-0028	-0027	-0027
Lebanon.....	Piastre.....		-4561		
Mexico.....	Peso.....		-1157	-1129	-1122
Netherlands.....	Florin.....		-3769	-2571	-2555
Netherlands Antilles.....	Florin.....		-5308	-5180	-5148
New Zealand.....	Pound.....		4-0150	2-7206	2-7075
Nicaragua.....	Cordoba.....		-2000	-1954	-1942
Norway.....	Krone.....		-2015	-1368	-1359
Pakistan.....	Rupee.....		-3022	-2953	-2935
Panama.....	Balboa.....		1-000	-9769	-9709
Paraguay.....	Guarani.....		-3200		
Peru.....	Sol.....		-1538	-0623	-0621
Philippines.....	Peso.....		-4975	-4884	-4855
Portugal and Colonies.....	Escudo.....		-0100	-0340	-0337
Singapore.....	Straits Dollar.....		-4702	-3174	-3159
Spain and Colonies.....	Peseta.....	Off. Free Mkt. Ex.	-0916	-0252	-0252
Sweden.....	Krona.....		-2783	-1888	-1877
Switzerland.....	Franc.....		-2336	-2269	-2258
Thailand.....	Baht.....		-1000		
Turkey.....	Lira.....		-3571	-3489	-3468
Union of South Africa.....	Pound.....		4-0300	2-7206	2-7075
United Kingdom.....	Pound.....		4-0300	2-7206	2-7075
United States.....	Dollar.....		1-0000	-9768	-9709
Uruguay.....	Peso.....		-6583	-6431	-6392
Venezuela.....	Bolivar.....		-2985	-2916	-2898
Yugoslavia.....	Dinar.....		-0200	-0032	-0032

* September 17, 1949.

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AUGUST 2, 1952



**OTTAWA
CANADA**



Canadian Certified Seed Potatoes.....
A Market Report



foreign trade

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... These home-
potatoes are not in-
or Canadian dinner
Certified for seed,
using rigid inspections
go to one of the 16
which buy our seed
This issue features
potato industry and
abroad markets.

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THE SEED POTATO INDUSTRY

by G. F. Clingan
Agriculture and Fisheries Branch

CANADA'S export trade in certified seed potatoes, which first began early in this century, is centered in the Maritime Provinces. Prince Edward Island and New Brunswick take the spotlight as producers, though British Columbia and Nova Scotia are also active in certain markets.

Exports of seed potatoes from Canada were made, in a small way, before the First World War; by 1914, they were in good demand in the United States. Bermuda has been buying them consistently since 1915. In 1931 exports reached 1½ million bushels; about 90 per cent went to the United States and Cuba and the remainder to the British West Indies and Newfoundland. Venezuela has purchased substantial quantities practically every year since 1935; Uruguay and Argentina have, since 1936, depended upon Canada almost exclusively for supplies of seed. Other smaller but valuable markets have been added from time to time. In annual volume of purchases, Cuba is second only to the United States which has been, throughout the years, the main market for Canadian seed potatoes. (Table I summarizes exports for the past five seasons.)

TABLE I
Exports of Certified Seed Potatoes by Destination
Crop Year July 1-June 30
(DBS figures, in bushels)

	1947-48	1948-49	1949-50	1950-51	1951-52 (to April 30)
United States...	2,569,335	7,286,139	5,927,515	3,094,708	1,039,980
Cuba	325,592	371,049	415,298	341,446	324,501
Uruguay	218,513	208,150	294,176	334,866	246,353
Venezuela	90,461	101,819	96,807	165,701	164,547
Argentina	1,178,110	136,666	....	155,901	....
British West Indies	33,096	32,661	28,186	30,718	25,295
Israel	63,593	12,832	42,617	24,739	....
South Africa ...	5,332	50,772	1,155	21,307	375
Bermuda	7,071	8,950	8,038	7,747	11,001
Mexico	19,004	3,332	....	....	....
Brazil	4,950	1,235	3,732	367	607
Chile .....	....	....	....	35,858	....
Others	23,482	33,504	26,913	24,039	5,974
Total ...	4,538,539	8,247,109	6,844,437	4,237,397	1,818,633 (to April 30)

In recent years the Katahdin and Sebago varieties have taken the lead over such former favourites as Green Mountain and Irish Cobbler. Bliss Triumph is in strong demand in some countries, but others insist on White Rose, Pontiac or Netted Gem.

Two new varieties developed in Canada by the Federal Department of Agriculture have proved highly resistant to late blight and, moreover, have eating qualities second to none. These two, Canso and Keswick, are coming into commercial bearing and should increase rapidly.

Total certified seed potato production in 1951 was, for a number of reasons, considerably below the average of recent years but it is expected that production this coming season will again total about 12 million bushels. Production figures for the past four years are shown in Table II.

TABLE II
Production of Canadian Certified Seed Potatoes

Source: Dept. of Agriculture.

Variety	1948	1949	1950	1951 (est.)
Katahdin	5,396,700	8,447,336	7,048,330	3,933,900
Sebago	1,388,650	2,655,978	2,859,090	2,058,050
Green Mountain	2,673,500	3,847,692	2,129,295	1,223,700
Irish Cobbler	2,117,000	2,449,758	1,893,820	1,040,550
Bliss Triumph	294,550	370,958	429,715	533,150
Netted Gem	422,450	550,504	600,375	521,200
Pontiac	51,900	157,480	248,440	410,380
Canso .....	.....	.....	8,860	79,450
White Rose	154,050	107,275	89,250	62,750
Keswick .....	.....	.....	2,755	28,230
Others	228,900	214,055	274,370	278,740
Total	12,727,700	18,801,036	15,584,300	10,170,100

Total Production 1947—11,747,000 bushels
1946—10,855,400 bushels

Maintaining Standards

The continuing demand for Canadian certified seed potatoes can be largely credited to the high quality maintained by rigid adherence to standards demanded by inspectors of the Federal Department of Agriculture. The tolerances for virus diseases and pests are extremely low and, with the regulations covering purity of variety, are rigorously enforced. Officials carry out two field inspections, a third at the time of harvest, and a fourth at the time of shipment.

Although only two sizes of seed potatoes are specified in the regulations, A-(3 to 12 oz.) and B-(1½ to 3 oz.) inspection can be secured for a specific size range called for in a contract. The emphasis on smaller size is to meet demands in those countries where whole tubers are planted.

All certified seed must be packed in new containers to which official tags are attached. These tags show the variety, the size, the date of issue and the certificate number of the crop. Through this number, the name and address of the grower and the specific crop can be traced in records maintained by the Inspection Service of the Division of Plant Protection of the Department of Agriculture. The Agriculture and Fisheries Branch of the Department of Trade and Commerce maintains close liaison with officials doing the certification.

Over the years the trade has, naturally, shown some variation but most of the markets have continued to buy substantial quantities. Last season production went down slightly. The 1952 crop will probably equal that of 1951 although the acreage planted is slightly smaller. With good growing weather and freedom from virus diseases, there should be no shortage of certified seed to fill export demands.

MARKETS

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THE UNITED STATES

CANADA has been exporting potatoes to the United States since World War I. However, it was not until after 1936, when the duty was reduced from 75 cents to 60 cents per 100 lbs. on a quota of $\frac{3}{4}$ of a million bushels, that seed potatoes were exported in sufficient numbers to be separated statistically. Since that time seed exports, although they have fluctuated considerably from year to year, have been increasing. A decrease in the quota rate of duty to the present figure of 37½ cents per 100 pounds and two increases in the size of the quota—in 1939 to 1.5 million and in 1948 to 2.5 million bushels—have helped in this rise. In 1948 exports of seed potatoes reached a peak of over seven million bushels.

It is impossible to learn the final destination of all shipments of Canadian seed potatoes. However, perusal of customs returns plus discussion with persons close to the trade indicate that a large majority of Canadian seed potatoes enter states on the eastern seaboard, from Maine to Florida. Of those entered at northern ports a large percentage is transshipped south; of those entering southern ports, many are sent inland as far as Kentucky, Alabama and Tennessee. In the past two years the percentage entering through southern ports has increased markedly, possibly because of better shipping facilities to that area. Substantial shipments are also made through north central states and on the West Coast.

Buying Season

Irish potatoes (as distinct from sweet potatoes) are grown in every state in the United States. In fact, they are growing during almost every month of the year in some section of the country. It is therefore difficult to describe briefly the production pattern and characteristics of the growing areas or the individual requirements of the many markets which interest Canadian seed potato exporters. As a rough guide, potato-producing areas in the United States fall into three groups: early, intermediate and late producing states.

The early states are those directly south of and including Oklahoma, Arkansas, Tennessee and North Carolina, plus the southern part of California. Although they produce only approximately 10 per cent by value of the total U.S. crop they are of particular interest because they grow practically no seed. Planting dates in this area begin in September in the far south of Texas and continue until March. Harvesting is done from December to May.

New Jersey and Virginia are the most important of the intermediate states, where planting is done from February to April and harvesting from June to August. The production pattern of the late states resembles that in Canada and it is in this area that almost all the seed potatoes are grown. Trade practices vary even within areas but seed is sometimes ordered six or eight months before planting begins.

Production of 46 different varieties of seed potatoes in the United States in 1951 totalled almost 37 million bushels. Katahdin was still by far the most popular, followed by Irish Cobbler, Triumph, Netted Gem, White Rose, Kennebec (introduced only two years before), Green Mountain, Red Pontiac, Chippewa, Pontiac, and Sebago.

The variety preferences of all markets are difficult to obtain in detail. Preferences of some of the areas most important to Canadian exporters are:

States	Varities Preferred
New England, New York, New Jersey, Pennsylvania	Katahdin, Irish Cobbler, Green Mountain, Chippewa.
Maryland, Virginia, North Carolina	Irish Cobbler, Sebago (in north), Bliss Triumph (in south).
South Carolina, southeastern Georgia, northern Florida	Sebago, Kennebec (in Hastings' area of Florida).
Southern Florida	Bliss Triumph, Pontiac (double red)
Alabama	Bliss Triumph, Sebago (south), Bliss Triumph (north).
Northern Georgia, central Tennessee	Irish Cobbler, some Sebago, Katahdin, Bliss Triumph.
Texas	Bliss Triumph, Irish Cobbler, Red Pontiac, White Rose.
California	White Rose, Netted Gem.

Size, Quality, Packing

There is a strong preference for size A potatoes in most U.S. markets, although there are exceptions, such as central Tennessee, where demand is good for size B.

Most markets offer little or no premium for Foundation or Foundation A seed. High yield, freedom from disease, good storage characteristics, physical toughness, good appearance are all important factors in marketing seed potatoes in the United States. Naturally, the potatoes should be packed in clean new containers, usually 100-lb. sacks. The exporter should ensure that the product leaves Canada and also arrives at its destination in good condition.

Competition

Strict U.S. import regulations limit severely competition from countries other than Canada for the U.S. seed potato market. Domestic producers, however, provide active and efficient competition, mostly in northern states. This competition can be expected to become more severe because, under the Research and Marketing Act of 1946, research is in progress or planned on the production, quality control, handling, storing, testing, and marketing of seed potatoes and foundation seed stock.

Price supports and ceilings, customs duties, and transportation costs all are or have been important factors in the competitive situation. Price supports and ceilings have been legislated against for the present and though there is some pressure to have them replaced, action is not expected in the near future. Customs duties on potatoes are specific and their importance in the competitive picture thus fluctuates with changes in price levels. Without government intervention, price levels will probably vary more than they did when supports were in effect. However, except in years when the price falls very low, the quota rate of duty should not prove an effective bar to Canadian imports.



From these New Brunswick fields will come seed potatoes for the U.S. market. Here the tractor-drawn planter is filled with seed potatoes and fertilizer, as a first step towards the planting of the season's crop.

Transportation charges, like customs duties, fluctuate in importance with changes in potato prices. Unlike customs duties, however, transportation charges have been increasing steadily since the end of the war. These increases have applied to shipments by rail, road and sea alike. However, the generally lower sea rates per mile and the proximity to the ocean of both Canadian surplus-producing areas and major U.S. consuming areas are and will be significant factors in the seed potato trade.

Future Prospects

Forecasting future trends is hazardous at best. Prediction of the future market for seed potatoes in the United States is further complicated because, in the recent period when the U.S. potato industry was free of government controls, Canadian seed potato production was much below recent averages. However, if potatoes remain free of control in the United States, if Canadian seed potato production is sufficient to take advantage of any U.S. demand, and if the Canadian dollar remains at or near parity with the U.S. dollar, it seems reasonable to predict that the United States will continue to provide an annual market for substantial quantities (at least the quota) of Canadian seed potatoes.

To make this prediction come true, it will of course be necessary for the Canadian product to equal or to excel its American counterpart in grade, size, quality, disease resistance, packaging, condition, suitability to local conditions and all other physical and cultural characteristics. The Canadian exporter will have to provide all the marketing information and services that his American competitor gives. His landed price will have to be competitive. Finally, there is no better way for the exporter to understand fully the needs of any specific market than by making periodic visits to these markets himself.

—W. F. HILLHOUSE

Assistant Agricultural Secretary, Washington.

CUBA

BECAUSE Cuba relies on a single crop, sugar, and because of the high humidity during the greater part of the year, there is little possibility that the country will ever produce seed potatoes for its own use. Cuba is one of the oldest and most valued markets for Canadian certified seed; for the past five years, shipments have averaged over 355 thousand bushels a year. The principal potato-producing areas are in the Province of Havana, with lesser acreage throughout the Island, principally in the central provinces of Matanzas and Camaguey. Hand cultivation, especially on the smaller farms, is still widely employed, and mechanization lags behind.

There are two crops a year—the “red” or first crop and the “white” or second crop. The red crop (Red Bliss Triumph and Pontiac varieties) is the more important; it is planted in October and harvested through January. The white crop (principally Sebago, Katahdin and Green Mountain, with some Pontiac) is planted in January and harvested through July. Although the terms “red” and “white” refer in general to the types of seed planted, they are admittedly not inclusive. The first crop is the better risk because it usually enjoys better growing conditions. Frequent spring rains damage planting and mean losses in production.

Of the 1950-51 imports, Canada provided 65 per cent of the red varieties and 90 per cent of the white. Most commonly imported are Red Bliss Triumph, Pontiac, Sebago and Katahdin. All these varieties have proved particularly suited to the local climate and soil. Red Bliss Triumph is the dominant variety in the first planting although Pontiac is increasing rapidly. Sebago has largely replaced other white-skinned varieties in the second planting. There is normally no specific stipulation about size but small tubers are preferred because whole seed must be planted.

Containers

In the past, the barrel was the most common container, principally because it later proved useful on the farm. However, the standard slatted crate is the best container in ventilated stowage, the usual transportation service. There is little refrigerated movement. Jute bags are generally used for second planting shipments. For the October planting, Canadian seed is normally moved direct from the field to the dock for export and it is essential that only stock from disease-free fields be used.

Methods of Purchase

The trade imports all seed potatoes and the Government merely limits the time during which seed can be imported. The Cuban tariff provides for free entry of seed potatoes during a certain period and specifies the varieties of potatoes covered by the exemption. The original decree authorized such imports from September 1st to January 1st. There have been several amendments in recent years, but for the past two seasons the Government has reverted to the original dates.

The use of qualified commission agents has proved the only practical method of selling certified seed potatoes in Cuba. Only in this way can shipments of substantial size be ordered in one lot rather than placing a multitude of smaller orders.

Outlook

Despite keen competition from certain areas of the United States, imports of Canadian certified seed have been well maintained. The quarter-century of close association may be expected to continue as long as the Canadian exporter provides clean, healthy stock at competitive prices.

—W. R. VAN

Assistant Commercial Secretary, Havana

URUGUAY

URUGUAY has developed into an important and steady market for Canadian certified seed potatoes in the last ten years. The annual purchases have been between 150 thousand and 200 thousand one-hundred-pound sacks, the total requirements of imported seed for the summer planting in January.

The potato production areas in Uruguay are on about the same latitude as the Rosario zone of Argentina, and produce two crops per year. However, only under exceptionally good growing conditions does production meet home requirements and table potatoes are normally imported in October and November. In some years imports are needed over longer periods.

Before the war, Uruguay purchased both seed and table potatoes from Argentina. Because Argentina ran short of supplies during the war and seed from that country was cut off, Uruguay increased its plantings and imported larger quantities of Canadian seed potatoes. These were planted in January, with a view to supplying their own seed for the August planting, formerly obtained from Argentina. This practice works satisfactorily and in recent years Uruguay has come to rely on Canadian rather than Argentinian supplies.

Requirements of Market

The Katahdin is the popular variety in Uruguay but in recent years the Pontiac has given good results in the northern districts of the country. Lately the purchases have been about two-thirds Katahdin and one-third Pontiac.

Imported seed is planted in January-February, which is midsummer in Uruguay, when temperatures are high, rainfall less frequent and the soil is hot and dry. Planting whole seed therefore affords more protection; for this reason the demand in Uruguay is for the small-size grade, or as high a percentage of it as possible. Over the past few years, Uruguay has

imported seed potatoes in sacks and transported them in refrigerated chambers. This saves the extra cost of the crates and, by using several ships, arrivals at Montevideo are staggered.

Methods of Purchase

The Servicio Oficial de Distribucion de Semillas (Official Seed Service), an entity of the Ministry of Agriculture, is the sole Uruguayan importer of seed potatoes. During the war and for some years following, purchases were made on a government-to-government basis. Because of the peculiarities of the trade, this method was abandoned in 1948. Since then, the Official Seed Service purchases on a call for tenders, usually during the first week of September. As this is a public tender, all offers must be legally in order. They must include a deposit representing five per cent of the value of the tender with the Banco de la Republica, or an unconditional guarantee from a recognized bank in Uruguay that such deposit will be made on instructions from the Official Seed Service. Any tender not legally in order and accompanied by the required deposit will not and cannot be admitted. In awarding the contracts, the Official Seed Service will give preference to offers containing the highest percentage of the small-size grade in relation to the price quoted.

Submitting Tenders

An exporter may quote direct to the Service by cable or letter but such offers will only be admitted if the five per cent deposit has been previously established. Each year several tenders are not admitted because they lack the necessary guarantee or deposit. In the past, nearly all exporters have submitted their offers through their agents. This method is recommended, particularly for handling the detail once the contract is awarded.

For years the province of New Brunswick has supplied Uruguay's requirements of seed potatoes and as its reputation for quality is firmly established, seed from that area receives preference. However, because the demand is for the small-size grade, should another country offer their requirements in this size the offer would be considered. This possibility must be remembered.

Outlook

Uruguay will require about the same quantity of seed potatoes as it did last year, about 150 thousand sacks. Because of the poor export demand for wool (on which the country depends for over 50 per cent of its foreign exchange earnings) Uruguay has been forced to tighten up on dollar imports. It is expected that Uruguay will continue to make available the necessary exchange for essential imports, but this could be a factor in reducing the quantity of seed potatoes imported this season.

—W. B. McCULLOUGH

Agricultural Secretary, Buenos Aires

VENEZUELA

VENEZUELAN imports of seed potatoes during 1951 amounted to 103 thousand 50-kilo crates, or more than 5,100 metric tons. This was three times the quantity imported in 1946, and the increase stems largely from the government policy of importing seed potatoes and distributing them to accredited growers.

Since 1948 Canada has supplied almost 100 per cent of the Government's annual seed potato imports; the remainder have come from the United States and the Netherlands. The quantity of each year's domestic crop retained for seed is very small.

Production Areas

The principal Venezuelan producing states, in order of importance, are Aragua, Carabobo, Miranda and the Federal District. In recent years, however, the Government has shipped seed to producers in 12 of the 20 Venezuelan states who are cropping an estimated 18 thousand acres a year.

The planting, usually of small whole potatoes, begins with the end of the rainy season in November and December and the harvest is in February and March. To ensure the complete sale of the local crop, the Government has customarily prohibited potato imports from February to June inclusive. This system has been altered for the current year and a prior import licence is now required. This permits closer control and should prevent shortages in the period when the domestic crop nears exhaustion.

Market Requirements

The Banco Agricola y Pecuário and the Instituto Agrario Nacional (Agriculture and Livestock Bank and the National Agrarian Institute) are the two organizations which import for the Government and control over 90 per cent of Venezuela's total seed imports. Their requirements in recent years have consisted entirely of the varieties Bliss Triumph (Red Bliss) and Sebago, the former constituting about 75 per cent of the total. In August or September of each year, these agencies provide Venezuelan agents with a list of their seed potato requirements and they request cabled quotations within approximately ten days. Usually the greater part of the contracts go to the lowest bidder and the remainder is shared among two or three others, to ensure that more than one supplier is kept in the market. Payment is made when goods are received, but allowing for time in transit and local administration, it is usually six to eight weeks before the funds reach Canada.

As the Venezuelan Government is a shareholder in the Flota Gran-colombiana shipping line, which has scheduled sailings from Canada to Venezuela, the use of this line is sometimes a feature of the supply contract. The documents accompanying the shipments must be visaed by a Venezuelan consular official resident in the country of origin. The potatoes must be shipped in 50-kilo crates with a central division. Each crate must indicate that the contents are certified seed potatoes which have been

inspected by competent officials and found free of harmful disease and insects (within certain stated tolerances). The markings identify the producer as well as the place and country of origin.

One government regulation which has caused some difficulty to Canadian shippers specifies: "Each tuber must weigh between 40 and 100 grams (1.4 to 3.5 ounces) allowing a tolerance of five per cent by weight to be smaller than the minimum". It has been explained to Venezuelan officials that the provision for such small seed cannot be met completely for large shipments unless a firm contract is made well in advance of harvest. Accordingly, certain leeway has been allowed in past years. However, the regulation remains and with the ever-present possibility of strict interpretation, it behooves the Canadian supplier to select most carefully for Venezuelan government shipments.

Market Outlook

Market prospects for Canadian certified seed potatoes in Venezuela appear good. The need for vigorous, disease-free seed from northern areas is constant and demand should remain at the present level and possibly increase. No change in the Government's bulk purchase program is expected and there is no shortage of hard currency.

The reputation of Canadian seed potatoes for quality, coupled with the widespread recognition of the inspection standards behind them, has established Canada as Venezuela's principal supplier. If prices remain competitive, Canadian shippers should maintain their dominant position in this market.

—D. B. LAUGHTON

*Vice-Consul and Acting Agricultural Trade
Commissioner, Caracas*

BERMUDA

IN 1951 Bermuda imported nearly 10 thousand bushels of seed potatoes, about 1,000 bushels more than in 1950. All the seed came from the three Maritime Provinces. Two crops are grown, the first planting in early September. This is approximately half as large as the second planting in November-January. The popular varieties are Bliss Triumph and Sebago. The seed must be certified and the size required is 1½ inches and larger.

The wooden barrel is the preferred container and movement is in ventilated stowage. All seed potatoes are normally purchased by import houses under import permits issued by the Director of Agriculture. Retailers or growers may also make purchases provided they have the required import licence. The shipper who offers the best service at lowest prices is the one who obtains the business.

—A. E. BRYAN

*Deputy Consul General and Trade
Commissioner, New York*

JAMAICA

JAMAICA'S import trade in seed potatoes dates from December 1927, when import duties on table potatoes were heavily increased to protect the local potato-growing industry. Seed potato imports now total each year about 10 thousand barrels of 165 lbs. each, or 16,500 crates of 100 lbs. (both net). The total area planted is about 1,000 acres, and the majority of the growers are small farmers, planting an acre or less.

Seed potatoes customarily arrive in November, are planted from December to February, and the crop harvested about three months after planting. There is also a mid-year planting using seed produced from the preceding crop. For many years, most of the imported seed has come from Canada but last year England supplied 850 crates. Ordinary stowage aboard ship is customary. The popular varieties are Irish Cobbler, Green Mountain and Sebago, and it is important that the tubers do not exceed $1\frac{1}{2}$ to 3 ounces in size. Imports must be covered by a certificate of health issued by the proper authority in the country of origin.

The sole importer is the Jamaican Department of Commerce and Industries, which resells to farmers. Seed potatoes are imported free of duty and there is a government subsidy on the price to growers. In the latter part of each year the Department of Commerce and Industries calls for tenders. These are submitted by local agents of suppliers in Canada and elsewhere, and the lowest bidder usually gets the business. Local demand for seed should increase moderately in the future.

—M. B. PALMER

*Canadian Government Trade Commissioner,
Kingston*

ARGENTINA

FOR over fifteen years Argentina has been an important market for Canadian certified seed potatoes and the term "imported seed potatoes" has become closely associated with Canada. The first large export, in 1937, consisted of about 475 thousand crates, representing nearly 50 per cent of the seed imports in that year. Exports dropped off during the war but reached 689,461 crates in 1947—87 per cent of the imports of seed that season. These were almost entirely supplied by the province of New Brunswick and its reputation for quality is firmly established. Since the North American varieties of seed potatoes have become established, Argentina has not (with the exception of one or two years) had to import table potatoes, but usually has a surplus for export.

The 1937 and 1947 imports were greater than normal because of virtual crop failures in Argentina in those years. Recent exchange difficulties have curtailed imports of seed potatoes from the dollar area. Under normal conditions, however, annual requirements of imported seed are up to 200 thousand crates.

Favoured with a wide variation in climate, ranging from semi-tropical in the north to temperate in the south, Argentina has four crops of potatoes a year. Only the Rosario district has two crops.

Early potatoes are produced in the northern provinces of Salta, Jujuy and Tucuman and are harvested in November-December. The semi-early is produced in Rosario and harvested in December and the semi-late—Argentina's main crop, centered around Balcarce and including the irrigated districts of Mendoza and Rio Negro—is harvested in February-April. The late crop is again in Rosario, harvested in May and June.

The semi-late crop accounts for 70 to 80 per cent of the entire production, depending on growing conditions throughout the year. This is centered around Mar del Plate-Balcarce. It is of most interest to the Canadian exporter because it is the only recognized seed zone, where imports of certified seed are planted to supply seed for the other zones. Planting begins in September and continues to early December. Imports of seed should arrive as early as possible in October but not later than the end of November.

Requirements of Market

The Katahdin continues to be the popular variety in Argentina, accounting for about 90 per cent of the entire production. Its resistance to certain virus diseases, adaptability to a considerable range of growing conditions and pleasing market appearance are the main reasons for its success. The only other important variety is the White Rose which is popular in the northern provinces producing the early crop. Imports of White Rose seed are planted in the Balcarce zone to produce seed for the northern zone. For this reason, imports of this variety should arrive early in October.

At the National Potato Market in Buenos Aires, in 1951 the Katahdin accounted for 87.7 per cent of the entries, White Rose 8.8 per cent and all other varieties only 3.5 per cent, reflecting the predominance of the Katahdin.

In the seed zone it is the practice to cut seed so there is no distinct preference for the small-size grade. The Argentine producer prefers to have one grade, as to size, from $1\frac{1}{2}$ to 12 ounces. Seed potatoes are imported in crates of 50 kilos net, without refrigeration but with forced ventilation. It is important that shippers pay particular attention to proper stowage and that adequate provision be made for ventilation en route. Seed potatoes cannot be imported in sacks unless they are transported in refrigerated chambers.

In recent years, seed potatoes from the dollar area have been purchased by the Argentina Trade Promotion Institute (I.A.P.I.), a government department. The Institute calls for tenders on specified amounts, varieties, etc., and the contracts are awarded accordingly. Tenders must be submitted through a resident agent who has documentary proof that he is acting on behalf of his principal. A five per cent deposit must accompany each tender and once the contract is awarded, the conditions must be strictly observed.

Under normal trading conditions, Canada has little competition in this seed potato market. Exchange difficulties in recent years have led to the importing of seed potatoes from Europe, principally Denmark, but the

preference is still for the Katahdin. However, should there be a substantial price differential on European seed as against North American, then imports would likely come from Europe.

Outlook

There were no imports of seed potatoes from any source for the 1951-52 crop year. As imports have been reduced in the last three years because of the exchange shortage, Argentina requires seed potatoes this year. It is understood that the Ministry of Agriculture has calculated the requirements at around 130 thousand crates, of which at least 90 thousand will be Katahdin and the rest White Rose, Sebago and Sequoia. However, because of Argentina's critical shortage of dollar exchange, the quantity purchased will depend on the amount of exchange the Central Bank can authorize to purchase them.

—W. B. McCULLOUGH
Agricultural Secretary, Buenos Aires

BRAZIL

ONE shipment of seed potatoes arrived in Brazil from Canada in 1938. Since that time imports have been intermittent; the highest figure was 4,950 bushels in 1948.

In order of importance, the principal potato-producing states in Brazil are São Paulo, Rio Grande do Sul, Parana, Minas Gerais and Rio de Janeiro. Two periods of planting are the rule, with a "drought period" about February-March and a "rain period" August-September. The harvest for each is some three months after planting.

Brazilians prefer small, flat tubers producing large-sized potatoes with yellow flesh, but experimental shipments have proved that Katahdin and Green Mountain potatoes are suitable. Ventilated crates and ventilated stowage is the preferred shipping method. European suppliers use crates of 30 kilos, though the market also accepts crates of 50 kilos. Shipment in barrels is to be avoided.

The Brazilian Government controls the import of seed potatoes but it usually is handled through regular commercial channels. The Federal Ministry of Agriculture and the Agricultural Department of some state governments are occasional buyers. The seed enters free of duty and seed potatoes can only be imported from countries whose standards and inspection services are considered adequate by the Brazilian authorities.

European countries supplied this market prewar and they are making a strong bid for it again, with most pressure coming from Holland, Germany, Sweden and Denmark. There is a growing tendency to produce seed potatoes locally.

The immediate prospects for Canadian exporters are not encouraging because Brazil will not permit imports from dollar sources until there is a decided improvement in exchange reserves.

—C. R. GALLOW
Commercial Secretary, Rio de Janeiro

PERU

GENERALLY speaking, Peru imports seed potatoes only when, at rare intervals, domestic production falls short. In 1946, about 1,200 bushels were required. Peru is commonly accepted as the original home of the potato and there are still many types and colours grown, particularly in the Andean zone farmed by Indians. Some districts prefer yellow flesh potatoes and some white flesh; still others have a local preference for blue.

There are ten potato-growing provinces in the high altitudes of eastern Peru—where 75 per cent of the annual crop is produced—and eight in the coastal zone. Seed for this latter zone comes from the Andean region. There rigorous growing conditions produce seed giving high yields when it is planted in the warmer climate of the irrigated coastal region. Under the circumstances, it is unlikely that Peru will provide a market for Canadian seed potatoes, although test lots of White Rose from British Columbia proved well suited to local growing conditions.

—J. S. BRUCE

Office of the Commercial Secretary, Lima

CHILE

CHILE is generally regarded as self-sufficient in potatoes and in past years has had a small surplus for export. Potatoes are grown in many areas but the principal crop is in the central zone. This is planted in August-September and harvested in December-January. In the southern zone, where rainfall is heavier and temperatures lower, potatoes are planted about November and harvested in March.

Production in the southern zone supplies seed for the other areas. Throughout Chile it is the practice to plant small whole seed. The popular variety is a native yellow flesh known as the "Corahila".

In 1950, late blight appeared in the potato areas, apparently for the first time. Because the local varieties are highly susceptible to this disease and the growers, mostly small operators, are not accustomed to spraying, the outbreak caused a virtual crop failure.

For many years the import of all potatoes has been strictly prohibited but, by a special decree, the import of specified quantities of both seed and table potatoes was allowed in 1951. Chile is now interested in a variety which resists late blight and preferably one with yellow flesh. A government body would do the purchasing under special permit. The market would be limited in quantity and would disappear when domestic production of seed was restored. It would, therefore, appear that Chile cannot be counted on as a long-term market for seed potatoes.

—M. R. M. DALE

Commercial Secretary, Santiago

MEXICO

MEXICO imports comparatively small quantities of potatoes—in 1949 only 4,872 metric tons, in 1950, 1,299 and in 1951, 3,688. Denmark, the Netherlands and the United States supply the bulk of the seed potato imports and only in one year, 1949, did Canada sell seed potatoes to Mexico—some 90 tons.

Mexican growers prefer the small size because they do not cut the seed. They favour yellow flesh varieties over the white. Danish and Dutch suppliers have followed the practice of giving some seed stock to farmers for the first year and in this way have built up a continuing business.

The Rockefeller Foundation in Mexico is currently carrying out extensive tests on a large number of varieties of seed potatoes from different countries to discover the most suitable types for the various growing areas in Mexico. The Canadian varieties being tested are Keswick, Canso, Sebago, Bliss Triumph, White Rose, Katahdin, Green Mountain, Pontiac and Irish Cobbler; they were planted in test plots at Toluca in May of this year and at Chapingo in June. It is hoped that, as a result of these experiments, a few varieties of Canadian seed potatoes will be found well suited to growing conditions in Mexico.

—M. T. STEWART

Commercial Secretary, Mexico City

CENTRAL AMERICA

IMPORTED seed potatoes have been of little interest to the majority of farm owners in these regions, and the authorities have shown small concern in the past about research and experiments. However, the Instituto Agropecuario Nacional de Guatemala is now giving some time to the study of seed potatoes and their performance but, with few facilities at its disposal, progress is slow. The Instituto and the Escuela Agricola Panamericana, Tegucigalpa, Honduras, are both prepared to carry out experiments with blight-resistant potatoes during the rains (May-October) provided sound tubers are available in the planting zones in mid-May.

—J. C. DEPOCAS

*Canadian Government Trade Commissioner,
Guatemala City*

OTHER MARKETS

THERE are several smaller but fairly consistent buyers of seed potatoes in the Caribbean area. Included in this group are Panama, the Netherlands Antilles, the Dominican Republic, Puerto Rico, Bahamas and the Windward and Leeward Islands.

BELGIAN CONGO AND ANGOLA

POTATOES are produced in the Belgian Congo mainly in the high regions in the east of the colony, with some plantings in the Thysville district of Low-Congo. They are planted at the beginning of the rainy season and harvested at the beginning of the dry season, a period of about four to six months, depending on the area. In some districts there are two plantings, in September and March.

Imports have increased from 1,200 tons in 1947 to over 4,000 tons in 1951. There are no import restrictions and the industry is in the hands of the trade. Supplies come largely from Europe, although the Union of South Africa provides certain quantities.

Angola imports seed for experimental purposes only. When suitable varieties are finally selected there should be an opening for a moderate quantity of imports.

—L. A. CAMPEAU

*Acting Canadian Government Trade
Commissioner, Leopoldville*

UNION OF SOUTH AFRICA

POTATOES are grown throughout the Union and supplies of domestic seed are adequate during most of the year. Imports—about 4,500 tons—are restricted to the October-November quarter. Because of currency difficulties and the return of the United Kingdom to this trade, purchases of Canadian seed have fallen drastically from the 1946 figure of 110 thousand bushels. In 1948 Canada supplied approximately 48 thousand bushels, or 26 per cent of imports, in 1949, three per cent, and in 1950, 13 per cent. During 1951 imports from Canada were negligible.

Natal and Cape Province grow two crops a year, the other two provinces, one crop. Plantings are made from July to September when first generation seed is used, and October-December or July-December for second generation seed. About 75 per cent of all seed planted is of the Up-to-Date variety.

Requirements of the Market

The practice of planting whole tubers means a marked preference for small-size seed. The premium size "Walnut" runs five to 16 to the pound; the slightly cheaper "Egg" size ranges three to five to the pound. The standard container for imported seed is the slatted crate with octagonal ends; stowage in transit should be in cool, ventilated chambers.

The Canadian varieties favoured in South Africa are Sebago, Green Mountain, Katahdin and Irish Cobbler. Some buyers are showing interest in White Rose and the newer blight-resistant varieties.

Imports from dollar sources are limited by setting up dollar quotas which are allocated to authorized importers. The 1952 quota is about ten per cent of the total value of imports in 1948. The services of a local representative are essential in circulating quotations to the Stock Seed Growers Federation and in canvassing wholesalers and growers who have

quotas. South Africans prefer c.i.f. quotations though f.o.b. quotations may be accepted. On no account will quotations f.a.s. Canadian port be considered.

The dominant position of the United Kingdom in the trade is clearly demonstrated by 1951 figures, which show that 93 per cent of seed potato imports originated there. Denmark and the Netherlands also supply small quantities.

Domestic production of seed potatoes is being encouraged by the Department of Agriculture and, although the project is still in an early stage, imports will be affected to some degree. However, despite this and despite European competition, there is a place for high quality, small-size, disease-resistant Canadian certified seed. With a monthly shipping service from the east coast direct to South African ports, Canadian exporters should be able to secure whatever orders the quotas allow.

—KENNETH NOBLE

*Canadian Government Trade Commissioner,
Cape Town*

ISRAEL

SINCE the formation of the state in mid-1948, Israel has imported between 6,000 and 8,000 tons of seed potatoes a year from Ireland and Scotland. During the 1949-50 season, approximately 1,000 tons of Sebago seed were obtained from Canada.

Production areas in Israel are located on irrigated land throughout the whole country but the main concentrations are in the plain of Sharon, between Tel Aviv and Haifa. The planting season is February-March and the harvest in June-July.

Israeli growers prefer white flesh varieties but have no decided taste for any one type. The seed from Europe is packed in 50-kilo sacks and shipped in ventilated stowage. The exporting country must furnish a health certificate.

The trade makes the purchases, under government supervision, on behalf of the Ministry of Agriculture and the many agricultural settlements. Availability and allocation of foreign exchange determines where the potatoes are bought rather than restrictions such as quotas.

There is no specific procedure for purchasing, such as tender specifications. Quality, price and terms of payment are the deciding factors. After purchase and before shipments from the country of origin, an Israeli agricultural specialist inspects the potatoes.

Exporters should appoint a local agent to follow developments and report on business prospects.

Both officials of the Ministry of Agriculture and private traders representing the interests of the agricultural community have expressed interest from time to time in Canadian seed potatoes. However, because dollars are scarce, imports are obtained from European sources whenever possible. For the crop year 1953 it is planned to purchase about 1,000 tons of Sebago seed from Canada, subject to the usual certificate of freedom from disease.

—T. J. MONTY

Commercial Secretary, Athens

EXPORTING SEED POTATOES

THE Department of Trade and Commerce, through the Agriculture and Fisheries Branch in Ottawa and trade representatives throughout the world, stands ready to assist certified seed potato exporters in many ways.

The Commodity Officer in Ottawa acts as the liaison between the Trade Commissioner in the field and the exporter and, in many cases, between other branches of the Department and the exporter. The Trade Commissioner, whether he is an agricultural specialist or not, is the connection with the foreign importer.

The Trade Commissioner puts the Canadian exporter in touch with a suitable representative in his territory and negotiates agency arrangements. In countries where purchasing is done through government channels, he provides information on tender requirements and tries to see that Canadian tenders are properly presented. If disputes or difficulties arise, he is ready to assist in every way possible.

Trade Commissioners provide agricultural and trade reports on the marketing outlook, trade practices, restrictions, port facilities, packaging, planting periods, size required and other pertinent matters. This information from foreign countries is passed along to the industry in articles in *Foreign Trade*, in mimeographed reports to exporters, through advice to individual firms and by means of trade tours and visits by Trade Commissioners and the Commodity Officer.

To make certain that our long-term markets are supplied with the varieties of potatoes best suited to their needs and to assist in expanding our markets, sample lots are forwarded from time to time to the agricul-

**These potatoes,
dug by machinery,
must be picked
up and packed
in barrels the
hard way—by
hand. Later they
will be graded,
inspected, and
prepared for
shipment abroad,
as Canadian
certified seed
potatoes.**



tural authorities in various countries for testing. The Trade Commissioner normally makes the necessary arrangements for this service in his territory, and the federal and provincial Departments of Agriculture co-operate in providing the seed. In many cases, provincial Departments of Agriculture and individual exporters have shipped test lots of seed to markets in which they were particularly interested.

The Information Branch, which publishes *Foreign Trade*, will have ready within the next few weeks a brochure in Spanish on Canadian certified seed potatoes. Copies will go to our Trade Commissioners in all Spanish-speaking countries, to distribute to prospective importers. The Information Branch also circulates the film *Certified for Seed*, and has copies of it with sound track in Spanish, French and Portuguese, as well as English.

Sometimes, in shipping seed potatoes, difficulties arise because the exporter fails to look after some matters of vital concern.

Almost every year there is some instance of Canadian seed potatoes arriving at their destination in bad condition. Perhaps the trouble is disease inherent in the stock but not apparent at the time of shipment. Perhaps it is lack of proper stowage or proper attention in transit. This matter of suitable shipping conditions for the journey involved is one to which Canadian exporters must pay more attention if they are to maintain their high standing in export markets. This is not a question of certification but of the condition of the tubers—and that is the primary concern of the exporter himself.

Port Facilities

Winter shipments of certified seed potatoes, apart from rail movement, are channelled mainly through the ports of Saint John and Halifax, where port officials have long experience in handling the product. However, it is the exporter's responsibility to see that his goods are adequately protected in transit to seaboard, on the dock, and in the movement from the shed to the ship's hold. In this phase, very considerable frost damage can occur in cold weather without visibly affecting the appearance of the tubers at the time. The need for utmost attention to the handling of winter shipments at seaboard cannot be over-emphasized.

In foreign countries, port facilities are sometimes inadequate for the volume of business now moving through them. In some cases Canadian seed potatoes have been held aboard ship in southern ports so long that they were ruined for seed purposes. This is primarily the concern of the buyer and not of the exporter, but such facilities should be examined before shipment is actually made.

There are three standard containers for use in shipping certified seed potatoes—the barrel, the crate, and the jute sack. The barrel, formerly very popular in many markets, is still used for certain countries. It does not permit adequate ventilation but does protect the potatoes against damage in open deck stowage. It is sometimes preferred by the foreign grower who finally receives the seed stock but has been almost entirely superseded by the 50-kilo slatted crate.

For movement to southern markets when the potatoes are moving in ventilated stowage the crate is essential. When potatoes are purchased by

a call for tenders the slatted crate is almost always specified. For shipment to domestic and United States markets the jute bag is used almost entirely and has proved adequate. The jute bag has also been found satisfactory for shipments to southern markets in refrigerated space and the difference in cost between the bag and the crate practically compensates for the extra charges.

In the country reports, the need of providing small-size seed for certain markets has been emphasized. Competing European suppliers will provide the small sizes as specified and Canadian exporters may find it expedient to do the same, because more and more buyers express a distinct preference for them.

Seed potatoes are harvested in Canada in September-October. The normal method of storing potatoes is in sheds or pits and by April-May they have just about completed the period of dormancy. Movement after April should only be to the nearer markets and under adequate shipping service. Any shipment passing through warm, humid air will immediately sprout and the potatoes will be unacceptable for seeding purposes. Therefore seed should be held in cool storage if it is intended for shipment to southern markets in April-May and then move only in refrigerated space.

The Outlook

The main problem facing Canadian exporters of seed potatoes is the dollar shortage in many markets. South American countries which want to use larger quantities of Canadian seed find themselves limited by their exchange restrictions. In other countries, such as the Union of South Africa, imports are on a quota.

Although Canada has varieties of seed potatoes registered in several European countries, it is next to impossible to export to the Continent because of restrictive regulations. Just as Canada prohibits the import of potatoes from Europe, these countries prohibit imports from Canada because of the expressed fear of the introduction of certain diseases and insects. The same holds true of the United Kingdom. Canadian potatoes were only admitted on one occasion and from one province, and the movement was carefully supervised by United Kingdom officials.

For the present, foreign markets for certified seed potatoes appear to be confined almost entirely to the United States, the Caribbean area and South America, with probable small shipments to South Africa.

Cuba and Uruguay have shown no desire to change to other suppliers and may be expected to make their customary purchases. If the dollar position permits, Argentina will buy supplies needed to maintain her seed stock at a reasonable level. Venezuela appears well satisfied with Canadian varieties and the hardiness of Canadian seed. Jamaica and Bermuda have shown a continued preference for certified seed from Canada.

The big drop in exports to the United States this past season should be only temporary and, provided there are no trade restrictions, the movement across the border can be expected to be maintained at a figure well over the 2.5 million bushel half-duty quota.

The Canadian exporter has developed the seed potato trade to its present position. Now he must make every effort to retain present markets and build up new ones. To this end, he must work to keep the confidence of the foreign buyer in the quality of the product and the integrity of the exporter himself.

Commodity Notes

AUSTRALIA

Cardboard—A cardboard manufacturing mill, built at a cost of £A2 million, began production in Melbourne at the end of June. A new machine installed in the plant will produce 15 to 20 thousand tons of cardboard a year, with a glazed surface suitable for first-quality printing. Australia imports this type of cardboard at present—Melbourne, July 4.

BRAZIL

Agricultural Machinery—Brazilian imports of agricultural machinery during the last 15 years have increased from 5,896 tons, valued at Cr.\$31.9 million in 1937, to 50,699 tons valued at Cr.\$926.9 million in 1951. Tractors represented 61.8 per cent of the total tonnage and 10.4 per cent of the value, and ploughs accounted for 24 per cent and 14.1 per cent respectively. The United States has been the chief supplier—furnishing 79.4 per cent of the total number of tractors imported and 70.2 per cent of the ploughs—Rio de Janeiro, July 15.

EGYPT

Rice—An area of 356,232 feddans (1 feddan=approx. an acre) is to be cultivated in the 1952-53 rice season, about half the previous year's acreage. Under normal conditions, the average yield per feddan is 1.70 daribas of Paddy Rice (1 dariba=945 kilos). This will produce 572,286 metric tons of paddy, or 393,636 metric tons of white rice, nearly all of which will be required for domestic purposes. Export of rice is now prohibited—Cairo, July 10.

ISRAEL

Soil and Pressure Pipes—Construction of the Israel Asbestos-Cement Industries Limited pipe manufacturing plant has begun. Production of soil pipes is scheduled to start at the end of 1952 and of pressure pipes next spring. The plant will also make asbestos-cement flat and corrugated sheets and containers for industrial and agricultural purposes. Projected output is 25 thousand tons a year—Athens, June 25.

SCOTLAND

Herring—Herring fishermen operating from Scottish ports this season have netted 38 million more fish than they did at the same date a year ago. Their gross earnings are up by £96,360. These improved returns have been achieved despite the fact that 57,700 crans this year have gone to factories for reduction into meal and oil, compared with 19,700 crans last year. The total catch for Scottish ports this year is 120,124 crans valued at £440,421—London, June 16.

SOUTH AFRICA

Maize—According to the latest estimate the Union's 1951-52 maize crop is likely to be 18,021 thousand bags, an increase of 712 thousand bags over the March estimate of 17,309 thousand bags. The improved prospect is mainly the result of the lateness of seasonal frosts in important maize-growing areas. Losses of late-planted maize during the ripening stage have consequently been relatively light. Latest estimate shows increases of 388 thousand bags and 281 thousand bags in the yields expected in the Orange Free State and Transvaal, respectively. To meet the Union's requirements of maize during the coming year, estimated at 24-25 million bags, arrangements are being made for imports of about one million bags from the United States—Johannesburg, June 18.

SPAIN

Chemicals—The Spanish company "Solvay" is planning to increase production of sodium carbonate to 108 thousand metric tons and of caustic soda to 70 thousand metric tons a year. Present output is 100 thousand tons of sodium carbonate and 62 thousand tons of caustic soda. Annual domestic requirements of caustic soda are estimated at 120 thousand metric tons. Requirements of sodium carbonate are somewhat higher—Madrid, June 24.

SWEDEN

Fine Paper—A new mill has been opened to make finer grades of paper. It is the first of its kind in North Sweden and the most up-to-date in the country. Run by the Mo & Domsjö Group, the mill has an annual capacity of 10 thousand tons, a large part of which will be earmarked for export. The four-story factory houses 28 drying cylinders and a 75-metre Swedish-built paper machine with a capacity of 200 metres of fine-grade paper a minute—Stockholm, June 20.

UNITED STATES

Flavour and Perfume Materials—The total output of flavour and perfume materials in the United States in 1951, according to a report just issued by the United States Tariff Commission, was 29 million lbs., an increase of 3·6 per cent from the 28 million lbs. produced in 1950. Sales in 1951 amounted to 25 million lbs. valued at \$40 million, compared with 25 million lbs. valued at \$38 million in 1950, an increase of 5·3 per cent.

Production in 1951 of cyclic flavour and perfume materials amounted to 19 million lbs., about the same quantity as reported for 1950. Sales of all cyclic products in 1951 were 15 million lbs. valued at \$23 million, compared with 16 million lbs. valued at \$24 million in 1950.

Production in 1951 of acyclic flavour and perfume materials amounted to 11 million lbs., ten per cent greater than the 10 million lbs. reported for 1950. Sales of all acyclic materials in 1951 amounted to 11 million lbs. valued at \$17 million, compared with 10 million lbs. valued at \$15 million in 1950—Washington, June 12.

Trade and Tariff Regulations

Eggs Enter Cuba Duty-Free

Havana, July 21—FTS—The period of duty-free entry into Cuba for eggs in the shell, which expired June 30, has been renewed to January 15, 1953.

Dominican Republic Protects Local Agents

Havana, July 18—FTS—The Dominican Republic has enacted a new law, promulgated April 29 and effective May 10, 1952, which is intended to give protection to local agents of foreign firms by guaranteeing compensation if they are unjustly dismissed or replaced. This indemnity will be on the basis of one month's salary for each year's service, but not less than one month's or more than one year's salary. In calculating service, fractions of over six months are considered as one year, and those of less than six months will be ignored. If the agent is not paid a salary, the indemnity will be based on average monthly earnings of the preceding year. Proof of the existence of a just cause for dismissal must be produced by the foreign firm. The new agent replacing the dismissed person will be held jointly responsible with the foreign firm for the payment of this indemnity.

Irish Regulations for Canadian Meat Imports

Dublin, July 14—FTS—The Minister for Health in the Republic of Ireland, in consultation with the Minister for Agriculture, has issued an order, Food Hygiene (Official Certificate No. 2) Order, 1952, dated May 29 which applies to meat and meat products imported from Canada. Under this legislation, an official certificate in the form of a label or stamp with the words "Canada Approved" and the number of the establishment on it will be recognized as indicating that the meat or meat product bearing it was prepared in accordance with criteria satisfactory to the Minister for Health.

Italy Removes Import Controls on Certain Goods

Rome, July 2—FTS—Italy has revised, effective May 16, 1952, the list of goods (list "A") which may be imported without licences when originating in countries with which no commodity trading agreements are in effect, including Canada and the United States. The revision exempts 37 tariff items or sub-items from import controls, and removes seven items from the free list. Among the commodities freed from import control are some of commercial significance. On the other hand, none of the goods made subject to import licences are of any concern to Canada.

The revised free list includes the following commodities which may be of interest to Canadian exporters: wood pulp for papermaking; asbestos in lumps, fibres or powder; textile fibres; cotton waste; hair and bristles; Douglas fir logs; carbon black; petroleum coke; mineral wax; books, newspapers and magazines; iron and steel scrap; scrap of aluminum, copper, nickel, zinc and their alloys; and non-ferrous metal ashes, dross and residue.

While import licences are no longer required for these commodities, their importation is subject to a bank permit attesting that the importer is in possession of foreign exchange derived from export sales.

(Information regarding the status of specified goods in relation to the revised list "A" may be obtained on application to the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa—Editor.)

Jamaica Issues Import Licensing Notice

Kingston, July 17—FTS—The Jamaican authorities have advised importers that licences for imports from non-sterling countries will not be automatically extended. Where goods will not arrive within the period of validity of the licence, extension should be sought before expiry date. The grant of an extension of the period of the licence, or the approval of a new licence, will depend on the merits of the case, against the background of current import control requirements.

Trinidad Announces Foreign Exchange Rates

Port of Spain, July 16—FTS—Importers in Trinidad have been advised that, in pursuance of the Customs (Amendment No. 2) Ordinance of May 22, 1952, the rate of exchange at which the selling price of goods shall be converted from foreign currency to sterling shall be the rate authorized from time to time by notice published in the *Royal Gazette*. Such notices will normally be published every fortnight, the rate notified being based on the average of the previous fortnight. This will only be reviewed in the case of an appreciable fluctuation. Previously, invoice values have been converted at a rate of exchange representing the selling price for sight drafts at the principal port of the Colony first quoted on or after the date of importation.

United States Reimposes Tariff on Zinc

Washington, July 23—FTS—The President today signed a proclamation reinstating the tariff on zinc. The reimposed rates of duty, which have been suspended since February 12, 1952, are $\frac{3}{4}$ cents per pound on zinc content of zinc-bearing ores under Tariff Paragraph 393; and $\frac{7}{10}$ cents per pound on zinc in blocks, pigs, and slabs under Tariff Paragraph 394.

This action was taken in accordance with Public Law 258 which provided that the suspension of the duties on zinc shall be terminated when the average market price for slab zinc for any one month has been below 18 cents per pound.

Nominal Foreign Exchange Quotations

The following nominal quotations may prove useful in checking prices or considering statistics.

Importers and exporters are, however, urged to check with their banks before making any financial arrangements for the purchase and sale of commodities.

Country	Monetary Unit	—	Nominal Quotations Sept. 17*	Nominal Quotations July 21	Nominal Quotations July 28
Argentina.....	Peso.....	Basic Ex. Free Export	·2977	·1942	·1937
Austria.....	Schilling.....		·2085	·0699	·0697
Australia.....	Pound.....		3·2240	·0454	·0453
Belgium and Belgian Congo.....	Franc.....		·0228	·0192	·0192
Bolivia.....	Boliviano.....		·0238	·0162	·0161
British West Indies (except Jamaica).....	Dollar.....		·8396	·5641	·5625
Brazil.....	Cruzeiro.....		·0544	·0525	·0523
Burma.....	Rupce.....		·3022		
Ceylon.....	Rupce.....		·3022	·2039	·2034
Chile.....	Peso.....		·0233	·0078	·0078
Colombia.....	Peso.....		·5128	·3884	·3874
Costa Rica.....	Colon.....		·1800	·1733	·1729
Cuba.....	Peso.....		1·0000	·9709	·9684
Czechoslovakia.....	Koruna.....		0·2000	·0194	·0194
Denmark.....	Krone.....		·2084	·1406	·1402
Dominican Republic.....	Peso.....		1·0000	·9709	·9684
Ecuador.....	Sucre.....	Off. Free	·0740	·0647	·0646
Egypt.....	Pound.....		4·1330	2·7881	2·7809
El Salvador.....	Colon.....		·4000	·3884	·3874
Fiji.....	Pound.....		3·6306	2·4392	2·4324
Finland.....	Markka.....		·0062	·0042	·0042
France, Monaco and French North Africa.....	Franc.....		·0037	·0027	·0028
French Empire—African.....	Franc.....		·0073	·0055	·0055
French Pacific Possessions.....	Franc.....		·0201	·0153	·0153
Germany.....	Deutsche Mark		·3000	·2312	·2306
Guatemala.....	Quetzal.....		1·0000	·9709	·9684
Haiti.....	Gourde.....		·2000	·1942	·1937
Honduras.....	Lempira.....		·5000	·4855	·4842
Hong Kong.....	Dollar.....		·2519	·1692	·1687
Iceland.....	Krona.....		·1541	·0596	·0595
India.....	Rupce.....		·3022	·2039	·2034
Iran.....	Rial.....		·0212		
Iraq.....	Dinar.....		4·0300	2·7075	2·7000
Ireland.....	Pound.....		4·0300	2·7075	2·7000
Israel.....	Pound.....		3·0000	2·7075	2·7000
Italy.....	Lira.....		·0017	·0015	·0015
Jamaica.....	Pound.....		4·0300	2·7075	2·7000
Japan.....	Yen.....		·0028	·0027	·0027
Lebanon.....	Piastre.....		·4561		
Mexico.....	Peso.....		·1157	·1122	·1120
Netherlands.....	Florin.....		·3769	·2555	·2549
Netherlands Antilles.....	Florin.....		·5305	·5145	·5135
New Zealand.....	Pound.....		4·0150	2·7075	2·7000
Nicaragua.....	Cordoba.....		·2000	·1942	·1937
Norway.....	Krone.....		·2015	·1359	·1356
Pakistan.....	Rupce.....		·3022	·2935	·2927
Panama.....	Balboa.....		1·000	·9709	·9684
Paraguay.....	Guarani.....		·3200		
Peru.....	Sol.....		·1538	·0621	·0619
Philippines.....	Peso.....		·4975	·4855	·4842
Portugal and Colonies.....	Escudo.....		·0400	·0337	·03368
Singapore.....	Straits Dollar.....		·4702	·3159	·3150
Spain and Colonies.....	Peseta.....	Off. Free Mkt. Ex.	·0916	·0252	·0244
Sweden.....	Krona.....		·2783	·1877	·1872
Switzerland.....	Franc.....		·2336	·2258	·2253
Thailand.....	Baht.....		·1000		
Turkey.....	Lira.....		·3571	·3468	·3459
Union of South Africa.....	Pound.....		4·0300	2·7075	2·7000
United Kingdom.....	Pound.....		4·0300	2·7075	2·7000
United States.....	Dollar.....		1·0000	·9709	·9684
Uruguay.....	Peso.....		·6583	·6392	·6375
Venezuela.....	Bolivar.....		·2985	·2898	·2891
Yugoslavia.....	Dinar.....		·0200	·0032	·0032

* September 17, 1949.

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The Needle Trades Look to New Markets

The latest exhibit in the Canadian Showroom at Rockefeller Center features fashions and footwear ---as these two Canadian industries turn to the United States for new sales opportunities.

by G. R. Poley
Chief, Textiles and Leather Section

ON August 4th, Canadian-made clothing and footwear went on display in the Canadian Showroom, Rockefeller Center. Throughout August and September, this exhibit will be focussing attention on the high quality and good styling of a wide range of Canadian goods—from women's dresses, cloaks and suits to blanket coats, slacks and other sportswear, and from children's sweaters to men's gloves and footwear.

Set up by the Canadian Government Exhibition Commission, the display is sponsored by the Department of Trade and Commerce. Because it is designed to arouse U.S. buyer interest, it features articles which have already made a reputation in that market and a number of new products which the manufacturers hope will prove popular and find a ready sale.

Space in the Showroom is limited and therefore only a small section of the industry's production could be included. This meant choosing with care and assembling a representative selection of Canadian merchandise which would appeal to a discriminating clientele. Some of the exhibitors are planning to visit New York this month to follow up trade leads.

Search for Stability

The needle trades (whose products provide the bulk of the display) are by no means new to Canada. But before the industry reached its present stage of development, it had to meet and overcome many problems. One of these was organization. Up to 1933, it was completely unorganized and at the mercy of exploiters who had no thought of building a stable, permanent business. At that time, some 250 manufacturers were operating and the average life of a firm in the needle trade group was about seven years.

A few of the responsible producers saw the need for organizing and for establishing a sound reputation throughout the industry for quality, style and good workmanship. In 1933 they founded the National Associated Women's Wear Bureau; its purpose—to supervise the trading and legislative problems of the industry. The next step came in 1937, when a number of guilds and councils were set up to look after the labour problems of the various sections of the industry. These associations, with their differing functions, have brought order and stability to an industry

which today numbers approximately 1,000 manufacturers, over 300 of whom have been in operation for more than 15 years.

A long period of successful operation has enabled most firms to ride out the recent period of sub-normal business. This in itself demonstrates that the industry has developed a strength and resourcefulness that will help maintain its position as a source of employment for more than 18 thousand people. Its annual payroll totals over \$25 million and the annual production is estimated at \$130 million.

Promoting Sales

The chief centres of operation are Montreal and Toronto, with Winnipeg holding an enviable place in the manufacture of cloaks, suits and children's wear. Nor should Vancouver be overlooked—it is building up a worthwhile sportswear industry.

Some of the materials and fabrics which go into the making of garments are imported from the United Kingdom and the United States, but about 85 per cent of the raw material for the Canadian industry comes from domestic fabric mills.

One of the tasks which the various associations in the needle trades have undertaken is promoting Canadian fashions. High on the list of the promotion activities come the Spring and Fall Fashion Weeks. On these occasions, hundreds of buyers come together to watch trained models display what the manufacturers have to offer in dresses, coats, suits, sportswear, and allied products. By attending Fashion Week, they hope to be the first in their locality to show the newest designs and fabrics.

In style, undoubtedly the Canadian market is greatly influenced by its proximity to New York and by the garments shown in American movies and magazines. There is, however, plenty of Canadian ingenuity



This is a typical workroom scene in one of the Quebec factories turning out women's dresses. Most of the fabrics used are made in Canada and the completed frocks sold largely to Canadian customers.

and fashion talent. This fact is evident in the type of garment chosen for the display at Rockefeller Center. Prospective American visitors to Canada will find there, for example, men's and women's blanket coats made of an all-wool fabric and 100 per cent Canadian.

Export Markets

The Canadian needle trades are already doing some export business. Several manufacturers have found a good market in the United States for sportswear, women's suits, wool slacks, etc., and this business should receive a boost as a result of the Rockefeller Center display.

Before the war, exports of rayon dresses alone amounted to approximately one million dollars a year. It reached a peak of over \$3 million in 1946 when Wartime Prices and Trade Board price controls were in effect. At these low prices, the dollar value of exports represented a fairly large volume of dresses. South Africa was the best market but sales were widely distributed until import controls in other countries seriously curtailed exports. These conditions, we hope, will eventually disappear and we confidently regard the Rockefeller Center display as a primary step in improving the present limited opportunities.

Southwest Africa's Trade

CAPE TOWN—With the largest excess in the value of exports over imports in its history, the year 1951 was a successful one economically for Southwest Africa. This territory depends to a remarkable degree upon prices ruling in international markets. The limited range of the country's products—diamonds, karakul pelts, copper, lead, dairy products, wool, zinc, fishmeal and fish oil—must be exported for sale at prevailing prices. Similarly, goods consumed within the country have their costs determined abroad.

Overseas' trade of the territory last year was valued at £47·0 million, 49·7 per cent higher than in 1950. This gave a favourable trade balance of £11 million—with exports totalling £29 million, and imports, £18 million. Figures for 1950 (itself a record year) were: total trade, £34·4 million, exports, £21·4 million, and imports, £13 million.

Exports and Imports

The principal commodities contributing to the record value for exports in 1951, and compared with 1950, were:

	1951 (£000's)	1950
Diamonds	8,967	6,704
Karakul pelts	5,810	4,823
Lead ore and concentrates	5,350	3,259
Butter	1,185	1,137
Wool	1,528	869
Zinc ore and concentrates	1,460	919
Fishmeal	313	717
Fish, preserved	378	372

The principal buyers of Southwest African products last year were:

Buyers	1951	1950
United Kingdom	£13.3 million	£9.9 million
South Africa	5.8 "	5.2 "
Belgium	4.6 "	1.9 "
United States	3.0 "	2.7 "
Netherlands	1.4 "	1.0 "
Canada	£28,705 thousand	£112,483 thousand

Southwest Africa must import all supplies except meat, dairy produce and organic fertilizers. The major imports include:

	1951	1950
Machinery, transport and equipment for the mining industry	£6.2 million	£4.3 million
Textiles and apparel	3.3 "	2.2 "
Foodstuffs	1.9 "	1.6 "
Petroleum products	1.2 "	.9 "

Countries of origin for goods entering Southwest Africa are difficult to determine because of trans-shipment at South African ports. Almost 20 per cent of the imports are recorded as "South African—imported goods re-exported". The principal suppliers are as follows:

Suppliers	1951	1950
South Africa	£10.1 million	£7.3 million
West Germany	1.0 "	.5 "
United Kingdom	.8 "	.6 "
Canada	£202,331 thousand	£112,483 thousand

Mining and Agriculture

Export values for base metals and minerals have increased progressively in each year since 1945. Because of the high prices in world markets for base metals and minerals, the value of Southwest Africa's mineral exports during 1951 amounted to £15.9 million as against £10.5 million in 1950. There are 102 mineral producers registered in the country but of these, 20 companies contribute more than 99 per cent of the base metal and mineral output.

Diamonds, sold through the Central Selling Organization of the De Beers Group, are the largest single item in the mineral production. Proceeds in 1951 were a record £9.0 million, including £8.5 million in gem stones. The previous year's sales were £6.7 million and included £5.8 million in gem stones.

Better than average production, combined with higher prices, made the year a profitable one for the agricultural industry, whose net return exceeded £1.5 million. Beef cattle shipments declined by three per cent to 108 thousand head, but the net return was higher.

The decline in the price of karakul pelts during December 1950 was only temporary, and the average price per skin during 1951 was 42/- as against 38/10d. in 1950. Production in both years was 2.6 million skins, but the producers' returns of £5.1 million in 1951 were £400 thousand higher.

Economic activity in Southwest Africa should continue this year at the 1951 level and may well surpass it. However, declining prices for base metals may mean lower export values and a less favourable trade balance in the coming months.

—KENNETH F. NOBLE

Canadian Government Trade Commissioner

Shoes - Made in Canada

. . . pioneered about 100 years ago, the Canadian shoe manufacturing industry has kept abreast of technical advances and changes in fashion; seeks new markets

by F. T. Carten
Commodities Branch

THE Canadian shoe manufacturing industry is fast approaching its 100th birthday. In the first half of the 19th century, Canadians ordered their shoes from small home workshops or bought the products of the New England factories. But in 1859, shoe manufacturers in this country received special concessions from the Government to encourage their infant industry. By 1900, some 179 plants, employing 13 thousand people, were turning out shoes valued at \$18 million. In 1950, 292 shoe factories (most of them located in Ontario and Quebec) had a production valued at \$111 million and employed 21 thousand persons. In fact, shoe manufacturing has become one of the forty leading Canadian industries.

The constant discovery of new techniques has made this growth possible. About 1846, Elias Howe of Spencer, Massachusetts, invented a sewing machine which could be adapted to shoemaking. Sixteen years later, Auguste Destouy developed in France a welt sewing machine which was perfected by Charles Goodyear, Jr. From the work of these two men came the well known Goodyear welt process in shoe manufacture.

Change and Growth

About 1899, the three principal companies in the shoe machinery field—McKay Shoe Machinery Company, the Consolidated McKay Lasting Machine Company, and the Goodyear Shoe Machinery Company, combined to form the United Shoe Machinery Company, which still leads the field and has branches in many countries. About a year later, the system of leasing shoe machinery made its appearance. Most manufacturers now rent or pay a royalty on their production machinery rather than purchasing it outright.

Several of the leading shoe manufacturers in Canada have been operating continuously for the past 75 or more years. In that time, they have witnessed many revolutionary changes in construction, styling and materials. Originally, shoes were made on one last only and could be worn on either foot. About 1865, right and left lasts were developed. Next came the introduction of half sizes in 1880, and this method of shoe sizing still prevails in North America. Rubber heels appeared in 1885; slide fasteners in 1893. Men's oxfords were shown for the first time in 1898. Not everyone was prepared for this last style change. The story is told that one retailer, on opening a shipment, wanted to return it to the manufacturer to have the tops attached!

The manufacturing process was speeded up with the coming, in 1928, of a new way of attaching soles to uppers. Formerly the sole was nailed, pegged or sewed to the upper. Now it was cemented, using a special cement and solvent developed by Du Pont. The cementing process has made shoes cheaper and faster to produce. It also gives a neater appearance, especially in women's shoes.

Following Fashion

No one who remembers the years 1900-1910, when women wore high-laced or buttoned walking boots or high patent-leather shoes, needs to be reminded of the style changes in women's footwear that the years have brought. The open toe, the sling back, the platform sole, the wedge heel, have all made their appearance. Casual and sports shoes have become popular. Once shoes came in black and tan only and in calf, patent leather, or kid. Now the customer can choose from many different colours, in many kinds of leather and in other fabrics, ranging from cotton and linen to nylon and other synthetics.

The synthetics have come into use for soles as well as uppers. In 1947 and 1948, about 85 per cent of the shoes made in Canada were soled with leather; today, only 45 per cent have leather soles.

Canadian shoe manufacturers employ all the standard construction methods—nailing, sewing and cementing. Usually one or two of these methods are combined in making men's, women's, children's, and babies' shoes.

In 1950, the 292 shoe manufacturing plants turned out nearly 34 million pairs of shoes, comprising:

Men's and Boys'	9,126,753 pairs
Women's and Misses'	19,196,313 "
Children's	2,753,377 "
Babies'	2,818,885 "
Total	33,895,328 "

Banner year for the industry so far was 1949, when nearly 36 million pairs were produced, some of them for distribution abroad by UNRRA.

Practically all this production is sold in Canada; in 1951, for example, only 46 thousand pairs of shoes were exported and of these, 28 thousand pairs went to the United States. Before the war, the British West Indies bought Canadian shoes but the shortage of dollars has all but wiped out this market.

If he wishes to expand his production, the Canadian shoe manufacturer has two choices: to persuade Canadians to buy more shoes, or to uncover and expand export markets. Today, shoe sales in Canada average about 2½ pairs per person per year, compared with about three pairs per person in the United States. The United States provides the chief competition in the domestic market; in 1951, we imported about 600 thousand pairs of U.S.-made shoes.

Of recent years, men's shoes made in Canada have been finding a limited market across the border, where their high quality, appearance, and sound construction are attracting buyers. That is why the footwear display at the Canadian Showroom in Rockefeller Center this month and next consists entirely of men's shoes. Manufacturers here hope that the exhibit will arouse interest and attract discriminating buyers.

Norway Has a Banner Year

A boom in merchant shipping and a remarkable increase in exports made possible a first postwar trading surplus in 1951.

by J. L. Mutter
Commercial Secretary for Canada

OSLO—The increase in Norway's production, so prominent in 1950, continued throughout 1951. The capacity of the more important industries was greater than ever; the agricultural and fisheries industries improved their equipment; the merchant fleet had a net increase of nearly 300 thousand gross tons. Favourable external conditions made it easy to find markets for this increased production. Price levels for the export and shipping industries were so high that, in spite of large imports, the balance of payments showed a surplus for the first time since the war ended. Foreign exchange reserves have increased.

All this activity went on against the background of an uncertain international situation and an inflationary trend. The darker side of the picture showed a decline in monetary values which still continues, and which is expected to affect both economic and social activities unfavourably in 1952.

Balance of Payments

The most striking feature in the economic development of Norway in 1951 was the marked improvement in the balance of payments. The year before, the deficit in the balance of payments amounted to approximately 940 million kroner. This deficit was reduced to 90 million by June 1951. For the whole year, the Norwegian balance of payments showed a surplus on current account of approximately 190 million kroner.* As a result of several factors, Norway's total income in foreign exchange increased from 3,726 million kroner in 1950 to 6,194 million in 1951, or approximately 66 per cent.

Money and Credit Market

The marked change in the Norwegian external economy has, of course, influenced the position of the Bank of Norway. During the first half of the year the net foreign exchange position of the Bank improved by 64 million kroner and up to the middle of December 1951 this position has been further improved. Compared with the situation at the beginning of 1951, holdings of foreign exchange increased and foreign exchange debts were somewhat reduced. The net result was an improvement in the total

* This improved position enabled Norway, on May 1, 1952, to revise and extend its import free list, placing over 75 per cent of the country's imports from Western European countries on the free list, in accordance with the OEEC trade liberalization agreement—Editor.

foreign exchange position of 251 million kroner. Figures on the foreign exchange position of the Norwegian joint stock banks show the same development.

As the Bank of Norway has acquired foreign exchange assets, it has released a corresponding amount in the form of notes or demand deposits. Certain internal financial transactions have also contributed to this move. In March, approximately 500 million kroner, formerly blocked deposit accounts ("Riksinnskudd"), were released. In May, an amount of 400 million kroner from the blocked Regulation Account was placed at the disposal of government banks. As a result of these expansive tendencies, the total volume of notes and demand deposits with the Bank of Norway rose by 879 million kroner.

The supply of fresh liquid funds to the banking system was, however, considerably less. As in former years, ERP and EPU counterpart funds were paid into special blocked accounts. By the middle of December, these accounts were 615 million kroner higher than at the beginning of the year. A corresponding amount was therefore withdrawn from circulation and to a certain degree this has outweighed the expansion mentioned above. There was, however, an improvement during the year in the liquid position of joint stock banks and savings banks. As a result, the banks have been able to expand their loans and discounts. During the first ten months of the year, short loans and discounts rose by 15 per cent, which corresponds to the increase in the wholesale price level in the same period. In real terms, therefore, the amount of short loans and discounts granted by joint stock banks and savings banks has not increased during 1951.

Bond and Share Market

Bond prices declined during 1951. At the beginning of the year, 2·5 per cent long-term government bonds were quoted at 93 per cent of par. In the middle of December, quotations generally were below 90 per cent. Mortgage banks, which are not permitted to issue bonds bearing more than 2·5 per cent nominal interest, have been unable to obtain funds in the market. Special measures have thus been necessary to furnish them with working capital. The 400 million kroner released from the blocked Regulation Account has already been spent and the mortgage banks operating under a government guarantee were again, at the end of the year, in a difficult position. The Financial and Monetary Advisory Committee is studying the problem but no decision has so far been taken. Either interest rates will have to be raised or liquid funds must be supplied from other sources than the bond market.

Share prices, on the other hand, rose steadily during the first three months of the year, the official share price index rising from 179·2 in December 1950 to 192·3 in March. There was a subsequent decline in the index which reached its lowest point, 184·9, in July, after which it again rose steadily to 192·4 in November.

Foreign Trade

Norway did not improve its balance of payments by reducing imports, which in 1951 had a value of 6,264 million kroner, or 1,419 million more than in the preceding year. The country's improved economic position stems largely from the remarkable increase in exports—from 2,780 million kroner in 1950 to 4,428 million in 1951. To some extent the exceptionally

large export of old ships contributed towards this result. Much more significant from an economic point of view, however, was the increased export of commodities, rising from 2,669 million kroner in 1950 to 3,980 million in 1951, or by 49 per cent. The total deficit in the trade balance is estimated at 1,380 million kroner in 1951, compared with 1,332 million in 1950.

Norway's imports from Canada increased considerably—from \$32·2 million as compared with \$18·9 million in 1950. Most important items were wheat, rye, barley, wheat flour, nickel in matte or speiss, fine copper in ore, zinc in ore, ores n.o.p., asbestos milled fibres, drugs and chemicals n.o.p., carbon graphite electrodes, passenger automobiles, and seal oil. Exports to Canada more than doubled, totalling \$3 million as against \$1·4 million in 1950. The largest export items were canned anchovies and sardines, ferro silicon, butter, synthetic staple fibres, calcined magnesite, commercial fishhooks, mechanical wood pulp, salted herrings, canned kippered herrings, and sportsmen's fishing tackle.

The Labour Market

The employment situation continued satisfactory throughout the year. The number of insured workers employed in November was over 916 thousand; unemployed persons numbered 10,099, or a few hundred more than in the same month of 1950.

Like all other parties to NATO, Norway is rapidly increasing her defence expenditures. When the new three-year plan recently announced is in full operation, the demand for manpower for defence purposes of all kinds will be doubled as compared with 1949. A greater strain on the labour market is therefore to be expected. Since full employment already exists with only moderate seasonal unemployment, special measures will be needed. Scarcity of manpower is one of the main problems of the Norwegian economy, though the past few months have witnessed minor adjustments in some branches caused by a falling-off in demand. There were no labour conflicts of any importance during the year. October saw the third general increase in wages within twelve months.

Prices and Wages

Because of the wage adjustment, prices of farm products have also been raised and farmers' incomes will increase by more than 100 million kroner. The rise in prices of important foodstuffs immediately affected the cost-of-living index. As the higher cost of production coming from higher wages is felt in business generally, it will also influence the index. On December 15 this index had reached 127·1, the highest figure so far, and it is still rising. The corresponding figure for December 1950 was 111·6. The wholesale price index rose from 230·8 in December 1950 to 270·4 in December 1951. The Norwegian authorities do not, however, consider it expedient to stop the rise in prices by augmenting price subsidies. But the rise in prices and wages ranks with the scarcity of manpower as an important problem in the Norwegian economy at the moment. Readjustments of some kind will be necessary if the situation is to be kept in hand.

Shipping made the most important contribution to the improvement in Norway's balance of payments in 1951. The shipping industry had an active year, with practically no tonnage laid up. During the year the merchant fleet increased by 142 ships totalling 706 thousand gross tons, of which 47 ships totalling 73 thousand tons were built in Norway. The gross sales amounted to 143 ships totalling 420 thousand tons, mainly sold abroad. At the end of 1951 the merchant fleet, including the whaling fleet, consisted of 2,169 ships totalling 5,787,000 gross tons. The tanker fleet, excluding the whaling factories, consisted of 343 ships totalling 2,839,000 tons. At the turn of the year 1951-52 the tonnage contracted for or under erection for Norwegian account totalled 2,508,000 gross tons, of which 558 thousand tons are being built in Norway.

Apart from a slight decline during the autumn months, the freight rates rose throughout the year. The net freight earnings of the Norwegian shipping industry in 1951 are estimated at approximately 2,000 million kroner as against 1,185 million in the previous year.

Fisheries and Farming

The year 1951 proved to be a record for the Norwegian fisheries. Winter herring fisheries totalled approximately 888 thousand tons, of which the first-hand value totalled 144·5 million kroner, as compared with 819,600 tons valued at 126·9 million kroner during the previous record year of 1948. The cod fisheries yielded 149,800 tons valued at 75·9 million kroner, as compared with 108,600 tons valued at 48 million kroner in 1950.

The total catch of the Norwegian fisheries in 1951 amounted to 1,646,-000 tons with a first-hand value of 474·8 million kroner.

Agricultural production suffered somewhat from the rainy autumn of 1951. In terms of "fodder units", the total result was 1,855 million as against 2,083 million in 1950. (The average figure is 2,049 million "fodder units"; one "fodder unit" is equal to the nutritive value of one kilogram of barley.) The grain crop totalled approximately 360 thousand tons. A characteristic feature of 1951 was the increase in the barley crop at the expense of wheat. The agricultural price index (April 1, 1938-December 31, 1939, equals 100) was 283 in October 1951, as compared with 262 in October of the previous year.

Forestry

During the felling season 1950-51, the production of timber amounted to approximately 6·5 million cubic metres. The average for the last six years has been approximately 6·7 million, and for the years immediately preceding the war about 5·7 million. By the middle of December 1951, approximately three million cubic metres of the seven million planned for the 1951-52 season had been produced. This represented about 10 per cent more than in December 1950.

The development of Norwegian industry continued throughout 1951 and the more important plants have large expansion programs under way. Production increased during the year as a result of the greater capacity of the various industries and the improvement in marketing possibilities. The total index for industrial production rose from 141·4 in 1950 to 148·4 in 1951 (1938 equals 100). The index for export industries increased from 126·1 to 135·6, and for home industries from 148·8 to 154·5.

Netherlands Fishermen Face Many Problems

... chief among them--lack of capital to modernize the fishing fleet, rebirth of German competition, and the threat of over-fishing in the North Sea.

by W. G. Pybus
Assistant Commercial Secretary for Canada

THE HAGUE—The Netherlands fishing industry had a good year in 1951 though it is beset by some fears about its future. It disposed of a surplus of 400 thousand barrels¹ of salt herring, held over from 1950, and booked orders for the greater part of the 1951 herring catch for salting—an estimated 800 thousand barrels. Fish landings exceeded those of 1950 and even reached the one million box² mark. A firm demand helped to push up prices, on an average, by 10 to 15 per cent. Liberalization of European trade brought increased sales to Western Germany, Belgium, France, Norway and other OEEC countries. Eastern Germany and Poland took larger quantities, partly in exchange for potassium, and this helped to use up accumulated stocks. Herring sales to the United States and Canada, although relatively small, increased by 25 per cent over 1950.

Fleet Needs Modernizing

In spite of the success of its 1951 operations, the Netherlands fishing industry is gravely concerned about its inability to modernize and expand its fleet. Of the 100 odd ships operating from Scheveningen, for example, only three were built since the war. The majority are from 15 to 25 years old. One of Holland's major fishing enterprises says that it is impossible to make replacements because of the high taxes imposed on the industry by the Netherlands Government. Executives of this company estimate that only about 30 per cent of its 1951 profits will be left after taxes. Nor can the high cost of replacing ships be covered by funds available for re-investment. To illustrate the problem, the company pointed out that a new ship of 200 tons equipped with a 300 to 400 h.p. engine costs 500 thousand guilders. The scrap value of an old ship is about 20 thousand guilders. To date the Netherlands Government has not offered to put up any more than the scrap value of old ships. Consequently, for each new ship the firm must find at least 460 thousand guilders. With earnings limited by taxes, this amount is extremely difficult to raise.

The reappearance of a modern West German fishing fleet, built with ECA and West German Government assistance, is causing increasing concern. The well-equipped, faster German vessels can land fish more cheaply

¹ One barrel contains 100 kilos.

² One box contains 50 kilos.

than their Dutch competitors. A Netherlands fresh frozen fillet plant which owns its own fishing vessels discovered that it could buy fresh fish in Bremerhaven more cheaply than its own ships could deliver it to the plant.

Because the supply of suitable fish was inadequate, the company had to suspend its exports of frozen fillets to the United States. This lack of adequate supplies plus higher operating costs may mean, the Netherlands fishing companies fear, that West Germany will take over many of Holland's markets.

Conservation Measures

The danger of over-fishing has also received attention. In the explanatory notes to the bill submitted to the Netherlands Parliament covering the size of the meshes and minimum sizes of certain varieties of fish, the Minister of Agriculture, Fisheries and Food stated that the greatly decreased catches of round fish in the North Sea make certain measures necessary to prevent a further decline. Modernization of the fishing vessels and improved techniques have increased the threat that over-fishing presents.

In applying the law, the Government is prepared to be as flexible as possible within the scope of the London treaty. If fishing is carried out with nets having meshes wider than 80 mm. (wet measured), then the law must be observed in full. Although the chances of catching under-sized fish are small, the prescribed width of the meshes assures that important types of fish below the prescribed size can escape. Because of the strong resistance which the nets create as a result of the ship's speed, the width becomes approximately 90 mm. after a short time in the water. This would increase the possibility of escape for under-sized fish.

The difficulties which the small coastal fishermen will encounter under the proposed regulations can be partly offset by postponing the date on which the law becomes effective. Fishermen will be able to replace their present nets, and the manufacturers will have time to make nets of the new type. The new regulations will not, however, be postponed longer than is necessary.

Some people questioned whether the Government would contribute towards the cost of purchasing new nets. Its reply was that nets have only a limited life and the fishing companies must purchase new equipment from time to time. If, therefore, a transition period is observed, the normal operation costs need not be exceeded. Coastal fishermen may, in

(Right) Before the herring season opens, the Netherlands herring fleet, gaily decorated, is inspected by thousands of visitors. In 1951, herring sales to the U.S. and Canada increased by 25 per cent over 1950.



the beginning, be affected by the measures taken, because they carry on part of their operations in places where there are many under-sized fish. However, the measure may improve the fish supply so that in the near future the catch will have a greater value.

Belgium had already decided that the rule about larger meshes would become effective on April 1, 1951. This was postponed, however, when it appeared that the regulations would not be in force in the Netherlands on that date. It is expected, however, that as soon as the Netherlands puts it into effect, Belgium will follow suit. Even if Belgium does not, the Netherlands will stick to this course.

Prescribing a mesh-width of 80 millimetres for large fishing companies and one of 70 millimetres for the coastal industry is not possible under the approved London agreement.

One day of rest for all fishing companies would, if it could be introduced generally, be an important factor in reducing the chances of over-fishing the North Sea. It is, however, an open question whether international agreement could be reached. In the meantime, the Government is prepared to consider this idea and to ask the views of the other governments who signed the contract.

The Minister also stated that a commission had been appointed to seek a solution to the difficulties of the sea-fishing industry. This commission will also discuss ways and means to re-organize the Netherlands fishing fleet. It is expected that the report of the commission, of which Prof. Dr. Tinbergen, head of the Netherlands Planning Bureau, is chairman, will be completed soon.

Shrimp Fishing Poor

Because of the large supply of shrimps and the consequent fall in prices, shrimp fishermen in the Province of Zeeland have stopped their operations for the time being. They say that prices of Fl.0.14 to Fl.0.17 per kilo (1½ to 2 cents a lb.) do not pay. Both the very large catches in 1951 and the liquidation of the Shrimp Purchasing and Selling Office in The Hague seem to be responsible for the fall in prices. This Bureau handled export orders and fixed the domestic prices and thus helped to regulate the market.

Forecast for 1952

The liberalization of Western European trade and the increasing demand for fish products have stimulated the fishing industry. For the first time since the war, orders have been booked in advance. Provided there are no drastic political and economic changes, the industry is optimistic about marketing possibilities for 1952. With the growing inflationary trend, lower-cost fish will supplant meat more and more on European dinner tables.

In spite of the more encouraging market prospects, the problem of renewing the fishing fleet clouds the future of the Netherlands fishing industry. The re-appearance of a modern West German fishing fleet makes it urgent to modernize equipment if the Netherlands hopes to retain a competitive position. Although the Government has this problem under study, the industry fears that the measures likely to be taken will not be strong enough to remedy the situation.

General Notes

CUBA

Cost of Living—Calculated on a basis of 100 for 1936, and covering a range of 42 food items, the Cuban Department of Agriculture announced that the cost of living stood at 251·5 for March 1952, compared with 250·1 for the same month a year ago. Meat, fish and milk came highest on the list, while lard and cooking oil remained the lowest—Havana, June 27.

HONG KONG

Open Market Steady—Throughout May and June the open market rate for U.S. dollars remained steady, varying only five points in the period. At the beginning of May, the quotation was HK\$6.51 to US\$1.00. It rose to \$6.56 during the fourth week, eased to \$6.54 at the first of June, then remained near this level for the rest of the month. On this basis, Canadian exporters to Hong Kong faced a disadvantage, vis-à-vis sterling area competitors, of an average addition of 12½ per cent to their quoted prices. This represents the mean of the ruling exchange premium unavoidably incurred by Hong Kong importers compelled to finance imports of Canadian merchandise in the open money market—Hong Kong, June 30.

Trade Values Decline—Values of Hong Kong's trade for January-May, 1952, show a marked falling-off in comparison with 1951. The monthly average in 1951 was, for imports, HK\$405·9 million, and for exports HK\$369·4 million. In May 1952, imports were valued at HK\$300·8 million, and exports at HK\$231·6 million. The decline is directly related to the curtailment of trade with China, attributable to the mainland's "anti-five-vice purge" of business (both government and private) which stalled most international trade during January to May 1952, inclusive. There were definite signs of resumption late in May—Hong Kong, June 30.

JAMAICA

Canadians Will Explore for Oil—The Jamaica Government has granted a licence to a large Canadian mining company to explore for oil and natural gas throughout the Colony. This matter first arose about a year ago when the legal adviser of the company visited Jamaica to negotiate with the local authorities. He was followed by technicians who made aerial and ground surveys—Kingston, July 14.

PHILIPPINES

New Bank For Manila—A new bank known as the Prudential Bank and Trust Company opened for business on July 3, 1952. The authorized

capital of the bank is ten million pesos, of which slightly over two million pesos has been subscribed and paid in. There are now 15 commercial banks doing business in the Philippines—Manila, July 5.

SOUTH AFRICA

Unfavourable Trade Balance—Unless the value of imports during the rest of this year decreases, the value of South Africa's exports will exceed the maximum import figure of £406 million set when the import program for 1952 was announced. At the end of May imports totalled £193·6 million, an increase of £12·3 million over the same period last year. Exports were £9 million lower, at £143·5 million—Cape Town, July 4.

SPAIN

Cod-Fishing Fleet Enlarged—The Spanish cod-fishing fleet has been increased by the launching on June 10, of the new ship *Brisa*, with a displacement of 2,710 tons. This is the first of a series of four vessels to be built by the Constructora Naval de Sestao, Bilbao—Madrid, June 24.

TAIWAN

Favourable Balance of Trade—Trade returns issued by the Bank of Taiwan indicate that for the first four months of 1952, the country had a favourable balance of trade amounting to some US\$3 million at April 30.

Such information must, however, be considered in conjunction with the additional value of MSA aid received, and incomplete statistics indicate this amounted to US\$21·6 million for the first quarter—Hong Kong, June 27.

U.S. to Guarantee American Investments—Reports from Taipeh indicate that an agreement between the United States and Taiwan will shortly be signed whereby the United States Government will thenceforth guarantee all American private enterprise investments in Taiwan, where such investments assist industrialization—Hong Kong, June 27.

UNITED KINGDOM

Overseas Trade in June—In June, United Kingdom exports amounted to £185 million. Compared with May (a longer working month by four days) this was a reduction of 18 per cent. However, the shorter working period would mean a reduction of only 15 per cent.

Imports in June, £276·7 million, were down by 14 per cent from the May total. The excess of imports over exports for the month was £83·4 million, compared with £84·8 million in May. Exports to the United States in June totalled £11·6 million, compared with £13·5 million in May. Exports to Canada fell from £11·2 million to £9·5 million—London, July 14.

New England Buys Canadian Forest Products

Poor cutting practices in the past have depleted New England's supply of good timber and Canadian spruce, pulpwood and wood pulp thus find a good market there.

BOSTON—Canadian exporters share in the large and growing market for lumber, wood pulp and pulpwood in the six New England States. The need for imports of forest products may seem surprising because an estimated 77 per cent of New England is covered by forests—the largest percentage for any region in the country. However, because of wasteful cutting practices in the past, much of the remaining timber is of small size, inferior quality, and of an undesirable species—or grows in inaccessible locations. Yet New England is a prosperous industrial region, with highly developed wood-using industries and a high *per capita* consumption of forest products.

The region currently absorbs about 2½ billion board feet of lumber a year. Its own production totals only one billion feet. The difference is made up principally by shipments from the west coast of the United States and Canada, from Eastern Canada, and from the Southern Atlantic States. Some specialty woods come in from other parts of North America and from foreign countries.

Eastern white pine is the most important lumber tree growing in New England and accounts for two-thirds of the region's lumber production. However, over-cutting has depleted the supply of top-quality pine and most of the current production falls into the lower grades. It is used chiefly for local construction and repairs, box shooks, and various industrial purposes. Other softwoods such as spruce and hemlock also supply limited amounts of lumber. Efforts are being made to find uses for the abundant mixed hardwoods throughout the region.

Sources of Supply

The major source of softwood lumber for New England's construction needs is the west coast of North America, comprising the states of Oregon and Washington and the provinces of British Columbia and, to some extent, Alberta. West coast hemlock finds particular favour as an all-purpose construction and industrial lumber. For shingles and siding, New Englanders prefer western red cedar. Douglas fir and western white spruce are other types of western lumber used widely in New England. Fir is assured of continuing demand because it comes in large sizes for heavy construction work. Western white spruce from British Columbia and Alberta has made remarkable gains in this market during the past two years.

Either rail or water transport is used in moving this lumber across the continent. The varying factors of railway freight rates, ocean cargo rates and availability of ships determine which means shall be used.

New England traditionally uses large amounts of spruce and augments diminishing local production with imports from eastern Canada. Active promotion by producers in Quebec and the Maritime Provinces has strengthened this trend, and it is estimated that 90 per cent of the eastern spruce used in New England is from Canada. Most of this Canadian spruce lumber moves in by rail, with occasional water shipments. The demand for spruce is general in all parts of New England, but particularly in the States of Maine, New Hampshire and Vermont, where most softwood construction work is done with spruce and domestic hemlock. For industrial uses such as crating, casing, cleating, and staging plank, spruce is still supreme. The chief limiting factor is the difficulty of obtaining spruce lumber in larger sizes.

Southern pine, cut in the southern Atlantic States, occasionally reaches the New England market. Although it is of good quality, the price fluctuates erratically and this factor, coupled with the high rail freight, tends to limit the movement.

New England must import both pulpwood and wood pulp to help meet the needs of her paper industry. This industry turns out more than \$425 million worth of products a year, in terms of value added by manufacture. Although other regions of the United States are expanding their pulp and paper industries more rapidly, New England still produces one-eighth of the total U.S. production of paper and paper board. It accounts for 60 per cent of the nation's output of newsprint and smaller percentages of the cardboard, special industrial papers, fine and book papers, coarse papers, and paper board.

Purchases from Canada

Supplying some of the raw material are 38 pulp mills, which consume more than $2\frac{1}{4}$ million cords of pulpwood annually. Eastern Canada furnishes about one-fourth of this pulpwood, with shipments coming by water from Nova Scotia and by rail from New Brunswick and other provinces. The remainder comes from the region's own pulpwood production, consisting of $1\frac{3}{4}$ to 2 million cords of spruce and hemlock a year.

Wood pulp must also be imported. Nearly all of New England's domestically produced pulp is used on the spot and is not offered for general sale. Thus many paper mills, lacking their own pulp-producing facilities, must import pulp. The principal sources are Scandinavia, British Columbia and the Pacific Northwest States, Eastern Canada, and the Southern States. Water shipments from the Pacific Coast and Europe are discharged at Boston, Mass. and Portland, Maine. In recent years, wood pulp has been one of the major commodities arriving at the port of Boston, with the annual volume remaining well above 100 thousand tons.

In future, New England may have to rely more and more on imported pulpwood and wood pulp, because of a growing shortage of spruce in accessible locations. However, this may be counterbalanced by the use of pine and the mixed hardwoods found in the region. These woods are said to be well adapted to the production of kraft and paper board, a branch of the industry which is expanding rapidly.

—ROGER R. PARLOUR

Vice-Consul of Canada and Assistant Trade Commissioner.

Australia's External Trade

Excess of imports over exports from the dollar area marked Australia's trade during 1951; from this has come a drive to cut down on imports from and increase exports to Canada and the United States.

by C. M. Croft
Commercial Counsellor for Canada

SYDNEY—Australia's exports during the financial year ended June 30, 1951, totalled £981·2 million* as against £611·7 million in the previous year. Imports were valued at £741·9 million as compared with £536·1 million in 1949-50. Exports thus exceeded imports by £239·4 million in 1950-51, as compared with £75·5 million in 1949-50—a fact that reflects the high level of export prices, particularly wool. Exports of bullion and specie reached £2·7 million (£2 million) and imports £2·5 million (£1·9 million).

Trade with Dollar Area

(year ended June 30, 1951)

Country	Exports to		Imports from	
	1950-51	1949-50	1950-51	1949-50
United States ...	£149·8 million	£49·6 million	£ 60·7 million	£ 52·2 million
Canada	17·2 "	9 "	17 "	13·3 "
Other dollar countries ...	3·6 "	2·6 "	140 thousand	153 thousand
Total	£170·6 "	£61·2 "	£ 77·7 million	£ 65·5 million

Trade with the sterling area, which included exports of £428·4 million (£347·1 million in 1949-50) and imports of £486·9 million (£362·6 million), showed an excess of imports of £58·5 million (£15·5 million). Other non-sterling area countries bought Australian goods to the value of £384·9 million (£205·3 million) and shipped to this country £179·6 million worth (£109·9 million). This left Australia with an excess of exports to those countries of £205·3 million (£95·5 million).

Trend Changes

This favourable state of Australia's trade did not continue throughout 1951. During the first five months of the current financial year (that is, the five months ended November 30, 1951) total exports, including bullion and specie, were valued at £268·5 million (£316·5 million in the corresponding months of 1950). Imports increased considerably, to £465·2 million (£285·4 million). There was, therefore, an excess of imports of £196·7 million, compared with an excess of exports of £31·1 million in the five months of 1950. This situation applied to all general areas.

* All values quoted are in the Australian pound, which fluctuated through the year in relation to the Canadian dollar. The nominal quotation by the Bank of Canada on December 28, 1951, was \$2·2720 to the £1 Australian.

Australia had an excess of imports from the dollar area of £6·7 million (an excess of exports of £7·3 million in July-November 1950); an excess of imports amounting to £148·4 million (£34·3 million) with the sterling area; and an excess of imports from other non-sterling countries of £41·6 million (an excess of exports of £58·1 million).

Exports

The following were Australia's main customers in the year ended June 1951 (comparison with June 1950 included):

	1950-51	1949-50
	£310·8 million	£237·5 million
United Kingdom	149·8	49·6
United States	90·2	40·7
France	61·7	24·0
Japan	48·5	27·5
Belgium	27·8	16·6
Germany	22·5	9·7
Egypt	22·0	37·0
India	20·3	21·3
New Zealand	17·2	9·0
Canada		

Australia's exports were predominantly agricultural and no less than 84 per cent of the 1950-51 shipments consisted of animal substances not foodstuffs (largely wool) and foodstuffs of vegetable origin (essentially wheat and flour, fresh fruit and cane sugar).

Imports

Australia increased her purchases from abroad by over £206·3 million during this period. (Figure includes bullion and specie.) Her principal sources of supply were,

	1950-51	1949-50
	£357·1 million	£278·7 million
United Kingdom	60·7	52·2
United States	35·3	27·7
India	21·4	14·7
Indonesia	20·5	(figures not available)
Malaya	17·0	13·3 million
Canada	16·6	9·1
Italy	16·3	10·6
France		

Trade in July-November, 1951

In the five months ended November 30, 1951, trade changed considerably as compared with the corresponding period a year earlier and with the 1950-51 financial year. The total value of exports declined and imports expanded, leaving a substantial balance of imports as compared with a surplus of exports in the corresponding five months of 1950.

The reasons for this change were:

- Smaller volume of exports of a number of important commodities (including wool, frozen beef, lamb, mutton and pork, milk, wheat, fresh fruit and sugar) which were not offset by expanded shipments of such items as cheese, processed milk, canned meats, flour, etc.
- Lower average prices for greasy wool, scoured wool, sheepskins, wheat and wine, although higher averages prevailed for beef, butter, mutton, pig lead, raisins, sugar, tallow and zinc.
- Higher values of imports of most classes except rocks, minerals and hydrocarbons, gold and silver, and bronze specie.

In the absence of statistics showing quantities of imports of various classes, it is impossible to report accurately to what extent the increased value of imports represents higher prices abroad and to what extent it

represents increased volume of imports. It seems safe to say that both of these factors are involved. In some cases, too, larger supplies available from overseas sources may be responsible but this is undoubtedly more than offset by the shortage of a number of important materials which are in universal short supply. Sulphur is one example. Imports of this amounted to £ 458 thousand in the five months as compared with £ 1,998,000 in the corresponding period in 1950.

Trade with Canada

Although details of the commodities involved are not yet available, the volume and value of trade between the two countries continues at satisfactory levels.

Australia has endeavoured to increase her exports to Canada and thus to earn much-needed dollars. Among the products which have been shipped to Canada in substantial quantities are: dried fruits (currants and raisins); canned fruits (peaches, apricots, pears, pineapple, and mixed fruits); pineapple juice; raw sugar; brandy; wines; rabbit skins; sheepskins; fresh lamb and mutton; canned beef; extracts of beef; gelatine; sausage casings; wool, including tops, and worsteds and serges.

Import Picture

Australia's purchases from Canada have been restricted to highly essential commodities and the range of goods was thus limited. Many Canadian products cannot be bought here now. An outstanding example is canned salmon, which formerly was sold extensively. The commodities which contributed largely to Australia's imports from Canada in 1951 were: tobacco; cotton tire fabrics; lumber, wood pulp, newsprint; tool steel; sewing machine needles; bookkeeping and calculating machines and parts; motor vehicles (not complete); aluminum in primary form; electric motors and parts; asbestos fibres; sandpaper and emery cloth; electrodes; sodium compounds; and motion picture film.

POINTERS ON POSTAGE

Is your company anxious to do more export business with foreign countries? Here's a point worth remembering: send all your correspondence by *airmail*. That sounds obvious, but recent letters from Trade Commissioners tell us that some firms send quotations and other information to distant countries by surface mail. The result: the letter takes six weeks to two months to reach its destination—and some more enterprising exporter gets the order.

Similarly, before your firm mails out letters containing "business reply" cards to be returned postage-free, it is wise to make certain that none of these letters is going to a foreign address. Business reply cards with Canadian postage must be mailed *only* to addresses in Canada. If they go to the United States, naturally they must carry U.S. postage; to the United Kingdom, British postage, and so on. Business firms in Bermuda, in particular, have been complaining because both United States and Canadian companies continue to send them correspondence with business reply cards enclosed and incorrectly stamped for their return journey via Bermuda mails.

Commodity Notes

CUBA

Baby Chicks—Traditionally an importer of baby chicks (mainly from the United States), Cuba became an exporter recently with an initial shipment of 3,500 day-old chicks to Venezuela. Venezuela is switching over to Cuba as a supplier because it is nearer—Havana, June 30.

EGYPT

Cotton—A recent decree abolished the tax on cotton bought and shipped between May 19 and August 31—the unsold balance of the 1951 crop. From September on, when the 1952-53 season opens, the tax will be LE.6 per 100 kilos gross on long staple, LE.4 per 100 kg. on medium staple, and LE.3 per 100 kg. on waste cotton. Previous rates were LE.8, LE.8 and LE.6, respectively—Cairo, July 10.

INDIA

Typewriters—The Remington Rand Company has registered a subsidiary concern, with rupee capital, to take over its business in India and begin making typewriters and other office equipment. With the growing use of Indian languages in offices, the manufacture of efficient typewriters with Indian types has become urgent. Remington's Indian factory may also become a useful earner of foreign exchange by exporting machines in languages spoken in Pakistan, the Middle East and Southeast Asia—Bombay, July 2.

Precision Tools—The government-owned high precision tool factory at Jalahall, near Bangalore, is expected to go into production by August 1953.

Two of the five hangars in which the factory will be housed have been erected. Sixty machines secured from the German reparation machinery are already at the site, and shipments from the Continent of further plant and machinery, worth Rs.8 million (Can.\$1.8 million), have begun. European key technical personnel have been selected and the selection of Indian technical personnel is being considered—Bombay, June 13.

JAMAICA

Milk—In January-June 1952, Jamaican dairymen supplied the record quantity of 4,920 thousand quarts of fresh milk to the condensary, as compared with 4,190 thousand quarts in the same period of 1951. The condensary's output of condensed milk showed, of course, a comparable increase—from 114 thousand cases in the first half of 1951 to 137,900 cases in that of 1952. Good seasons are responsible for this record production.

It is expected that the condensary will receive by the end of this year 11 million quarts of fresh milk and produce 300 thousand cases of condensed—Kingston, July 14.

PHILIPPINES

Logs—The rules governing the grading and inspection of Philippine export logs by authorized lumber inspectors of the Bureau of Forestry have been revised. Formerly, grading rules for logs, veneer, and peeler logs were combined and the two grades were Veneer or Peel Log 1 and 2. In the revised grading rules, the veneer grades are separated from the peeler grades, and are classified: Peeler Log 1, 2 and 3 and Veneer Log 1, 2 and 3. Peeler logs are perfect cylindrically; veneer logs may be as much as five inches off centre. "Sawlog", representing the lowest grade for log, has been added, while the grade "merchantable" has been entirely eliminated—Manila, June 29.

PORTUGAL

Wheat—The 1951 wheat crop was considered one of the best in Portugal's history, but it still fell far behind the country's needs. Last year imports of nearly 200 thousand tons from the United States and Canada (25 thousand tons) were necessary to augment local production. Wheat is milled in Portugal to yield 78 to 84 per cent of flour. Even so, it is necessary to swell the flour produced by mixing in about 178 thousand tons of corn, rye and rice flour. Approximately one-fifth of the population consume only corn or rye bread—Lisbon, July 7.

SCOTLAND

Tools—A tool works factory in Bonnybridge has opened a branch in Inverasdale to manufacture a patent wall-fixing device. The plant has been provided by the County Council of Ross and Cromarty and leased to the company, which will employ the local crofters in this remote district to make the product—London, June 15.

SPAIN

Pulp and Paper—Spanish paper production is recovering from the difficulties of 1948 and 1949, a local trade journal reports. Peak production was reached in 1951 when 186,743 metric tons of paper and cardboard were produced—90,834 tons of printing paper and 19,774 tons of newsprint.

The use of imported pulps has been considerably reduced because of high prices. As a result, local pulps are being used in increasing quantities. During 1951, papermaking material consisted of: 81 thousand metric tons of esparto grass, 33 thousand tons of matweed, 67 thousand tons of cutting and old paper, and 91 thousand tons of wood pulp and other kinds of fibres (mainly straw—22 thousand tons). Total pulp production in 1951 is estimated at 179,569 metric tons, an increase of 50 per cent over the previous year—Madrid, June 24.

Trade and Tariff Regulations

Chilean Imports of Agricultural Machinery

Santiago, July 23, 1952—FTS—To promote increased agricultural production, a Chilean decree published January 17, 1951, provided for the duty-free and tax-free entry of the following agricultural machinery and implements:

Tractors up to 70 h.p.; all types of ploughs and harrows; cultivators; seeders and planters; fertilizer drills; manure spreaders; pulverizers; self-propelled and tractor-drawn combines; stationary threshing machines; windrowers; binders; trenching machines; elevating cutters; stock cutters; all types of rakes; hay balers; ensilage blowers; choppers; hay loaders; ensilage harvesters; corn huskers; corn binders; corn pickers; feed grinders; seed cleaners; grain sifting machines; milking and milk-cooling machines.

Irrigation equipment by sprinkling method and tree-root pullers have now been added to this list.

Irrigation pumps, pump motors, diesel-electric generating sets, and tractors of over 70 h.p. are similarly exempt from customs duties and other taxes, provided the Chilean Corporation de Fomento de la Produccion certifies that the end use of such items will be exclusively for agriculture and that this destination is guaranteed.

Under the 1952 Chilean Foreign Exchange Budget, by which Chile's import and exchange controls are implemented, agricultural equipment in general is grouped under the A-2 category with a quota of U.S. \$1 million and the equivalent of U.S. \$500 thousand in other currencies. This means that imports of agricultural machinery and implements will be licensed up to the value of U.S. \$1 million from convertible currency countries during 1952. An official exchange rate of 60 pesos to the U.S. dollar applies to such imports.

Import of animal-drawn ploughs of one ploughshare into Chile is specifically prohibited under the 1952 exchange budget.

Bermuda Modifies Certificate of Origin Requirements

Government Notice No. 290 of the Bermuda Supplies Commission cancels, as from July 9, the requirement that certificates of origin should accompany invoices of all goods for which licences have been granted in dollar currency for importation from Canada and the United States. The Supplies Commission, however, reserves the right to demand a certificate of origin on any import involving dollar exchange should they deem it necessary.

(Announcement of the requirement of certificates of origin for exchange purposes appeared in *Foreign Trade* of July 19, page 21.)

The cancellation of this requirement, which was intended to strengthen control over dollar expenditure, in no way affects the need for supplying certificates of origin for the purpose of claiming tariff preference for Canadian products. Where tariff preference is not involved—for example, in the case of duty-free goods—it is recommended that all exporters follow the usual practice of typing or stamping on their invoices that the product invoiced is produced or manufactured in Canada.

Foreign Trade Service Aboard

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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AUGUST 16, 1952



**OTTAWA
CANADA**

Sweden Improves Its Terms of Trade

(page 2)





foreign trade

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to by Swedish Interna-
Press Bureau.

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Sweden Improves Its Terms of Trade

Higher pulp and paper prices and greater production by the export industries helped Sweden achieve larger exports and a trading surplus in 1951.

STOCKHOLM—Boom conditions continued to prevail in Sweden during 1951. Total industrial production rose by four per cent during the year, with gains made by the export industries—timber, pulp and paper—and lesser ones by the engineering and shipbuilding industries. On the other hand, producers of consumer goods encountered buyer resistance to high prices and the textile and food industries particularly decreased their output. Industry's supplies of fuel and raw materials caused a good deal of concern, but on the whole had virtually no influence on the production figures. This problem is still in the foreground, however, and 1952 is expected to be another year of tight negotiations if Sweden is to cover her essential requirements on the world market.

The harvest was one of the poorest since the war and approximately seven per cent lower than in 1950. Certain quantities of cereals and fodder grain had to be imported in the second half of the year; 35 thousand tons (approximately \$3,500,000 worth) of bread grain were imported from Canada. On the other hand, large quantities of butter and eggs were exported; Canada alone bought 6.4 million pounds of butter.

Foreign Trade

The most noticeable feature of Sweden's foreign trade in 1951 was the favourable development in her terms of trade abroad. Changes in the prices of forestry products were the chief factor. In value, imports rose by 3,100 million kronor to 9,189 million, an increase of about 51 per cent as compared with 1950. Exports increased by about 3,470 million to reach 9,170 million kronor, or about 61 per cent. It was therefore possible to keep the import surplus down to 19 million kronor as compared with 400 million in 1950. Adding the net income from shipping—which increased from 600 to 950 million kronor—and other invisible items, the favourable balance of trade for 1951 was approximately 850 million kronor as compared with 190 million in 1950.

The increase in the volume of imports is estimated at about 17 per cent as compared with 1950, but the export increase was only two per cent. The influence which the price increases had on Swedish foreign trade during 1951 is illustrated by the fact that export prices were over 40 per cent higher than in 1950 but the increase for import prices only about 12 per cent. According to estimates made by the Market Research Insti-

tute, Sweden's terms of trade improved by 23 per cent as compared with 1950, and by eight per cent as compared with 1948. This contributed about 1-1½ billion kronor to the economy.

Surplus on Current Account

Although import values expanded greatly in 1951 and export values only slightly, Sweden had an estimated surplus on current account of the balance of international payments of about 710 million kronor, because of the improved terms of trade. This improvement, however, rested largely on pulp and paper prices. In the last half of 1951, Sweden's position in the European Payments Union changed from a deficit to a credit of \$112 million (December 31, 1951).

Though the overall export volume increased only slightly in 1951, the following changes were noteworthy:

Exports: January-November 1951

	(unit as given)	1950	1951
Wood products (cubic meter)		3,992,561	4,335,069
Sulphate pulp (tons)		606,726	594,679
Sulphite pulp (tons)		1,000,682	954,362
Mechanical pulp (tons)		146,669	161,043
Paper and paper board (tons)		662,616	683,045
Iron ore (tons)		12,008,000	14,033,000
Iron and steel and products thereof (tons)		224,858	293,461
Matches (tons)		16,744	17,922

Import volume increased substantially; the following figures illustrate some of the changes for important raw materials:

Imports: January-November 1951

	1950	1951
Crude oil (tons)	32,732	55,155
Refined oil (1,000 tons)	3,384	4,365
Coal and coke (1,000 tons)	6,624	7,417
Rubber (tons)	13,686	18,277
Wood (tons)	11,877	9,402
Cotton (tons)	23,678	23,011
Iron (1,000 tons)	104	75
Copper (tons)	35,207	34,921

The Trade Pattern

A large part of the heavy increase in Sweden's imports and exports during 1951 took place in her trade with Europe, mainly Western Europe. Of the total import increase in 1951 of 3,100 million kronor, Europe accounted for approximately 66 per cent. The export increase at the same time was 3,470 million; Europe accounted for about 70 per cent. A heavy increase in Swedish imports from Western Germany and in Swedish exports to the United Kingdom marked the year; in both cases values were double the 1950 figures.

Total imports from Europe rose from 4,071·8 million kronor in 1950 to 6,123·3 million kronor in 1951. Swedish exports to European countries increased from 4,174·1 to 6,642 million kronor. Total European trade resulted in an export surplus of 518·7 million kronor.

Trade with the United Kingdom resulted in an export surplus of 254 million kronor against an import surplus of 402 million kronor in 1950. Trade with Western Germany showed, however, another tendency. Swedish purchases from that country increased from 649 to 1,219 million kronor; exports increased from 708 to only 916 million kronor because of the

restrictive German import policy. A change from an export surplus in 1950 of 59 million to an import surplus in 1951 of 304 million kronor has thus resulted.

Exports to the American continent rose to 1,558 million kronor, 480 million of which went to the United States, 341 million to Brazil, 405 million to Argentina and 59 million to Canada. The increase in exports to Canada amounts to no less than 33 million kronor as compared with 1950. On the import side there was an increase to 864 million kronor for the United States, 279 million for Brazil and 60·5 million for Canada (1950=21 million). Purchases from Argentina decreased by 13 million kronor, to 138 million.

In September, ERP aid to Sweden ceased but she remained a member of the OEEC. On August 31, the country joined the International Monetary Fund and the International Bank of Reconstruction and Development.

Industrial Production

According to the Federation of Swedish Industries, the gross national production in 1951 at current market prices was about 38 billion kronor (\$7·3 billion), an increase of a little over one billion kronor, or about three per cent. This coincided with estimates made at the beginning of the year. As the number of industrial workers in the country increased only slightly, the increase comes mainly from higher productivity.

Industrial activity was, however, decidedly uneven as between the various industrial groups. The capital goods producers and the mining and forest products industries were greatly stimulated by a demanding market abroad and their output rose by an average of six per cent. Pulp and paper showed an increase of seven per cent, wood industry five per cent, and the mining and engineering industries six per cent. These export industries recorded large gross income returns as prices soared on the

foreign markets. On the other hand, industries producing for the domestic market lagged somewhat and the increase in this category was about two per cent only; this was particularly noticeable during the last half of the year. The foodstuffs industry increased its production by one per cent, the textile industry by two per cent. The leather and shoe industry decreased production by eight per cent.



(Left)

A view of the docks at Goteborg, Sweden's largest seaport, and outlet for much of her foreign commerce.

Shortages in raw materials did not, on the whole, seriously affect industrial output during 1951. Towards the end of the year, however, there began to be disturbing shortages of steel plate, iron scrap, ferro-alloys and coke. For this reason, preliminary estimates of industrial production for 1952 indicate an increase of two per cent only. Swedish producers anticipate changes in foreign markets and increased competition from abroad. If Swedish forestry products bring lower prices on the European market (and some such move is under discussion at this time of writing) one of Sweden's most important industries will have to decrease its production.

—B. J. BACHAND
Commercial Secretary for Canada.

India's Tea Exports Decline

BOMBAY—North Indian tea producers are facing serious market competition and their overseas sales are declining. Statistics confirm this statement. In the year ended March 31, 1952, shipments of North Indian tea to world markets totalled 342·198 million pounds—approximately 38 million pounds less than for the year ending March 31, 1950. Exports to markets outside the United Kingdom were some 24 million pounds below those of the previous year and over 30 million pounds less than in 1949. This decline can be attributed largely to smaller shipments to the United States, Canada, Australia and New Zealand—countries which have been drawing on the large stocks they purchased in the previous two seasons. In addition, some of the decrease can be traced to increased competition from Indonesia.

The following table shows direct shipments of North Indian teas to the major markets in the past two seasons:

	1951		1950	
	Lbs.	Per cent	Lbs.	Per cent
United Kingdom	231,761,000	67·72	248,353,000	65·32
U.S.A.	17,829,000	5·21	28,646,000	7·53
Iran and Persian Gulf.....	20,294,000	5·93	24,656,000	6·49
Canada	11,862,000	3·47	15,195,000	4·00
Australia	4,957,000	1·45	11,877,000	3·12
New Zealand	23,607,000	6·90	28,569,000	7·51
Western Europe	6,949,000	2·03	6,621,000	1·74
Russia	5,165,000	1·51	—	—
Other countries	19,774,000	5·78	16,319,000	4·29
Total.....	342,198,000	100·00	380,236,000	100·00

The average annual crop harvested in Northeast India during the past three years was 498·88 million pounds, as compared with the 319·50 million pounds average produced in the three years before the war. This increase of 179·38 million pounds was not distributed evenly throughout the tea-growing districts. The proportionate increase in the Dooars and Terai and Cachar Districts was much greater than in Assam; in the Darjeeling area, the increase was relatively small.

The North Indian tea districts suffered from severe drought during the early months of the year, and this affected the first and second flush productions adversely in both quality and quantity. This blow was somewhat softened by almost ideal growing weather later in the year and the "rains" crop was large, although the quality of this tea in the majority of the districts was below average. This was particularly true of the Dooars and Darjeeling districts. In Darjeeling, the quality of the crop was the poorest in the past two decades.

During the year the London tea auctions were resumed. The end of bulk buying by the U.K. had a notable effect on the Calcutta market. One marked result was the great variation in the proportionate contributions by each district to the Calcutta offerings of export teas, as compared with the 1950 season and with the last complete prewar season.

The Calcutta market for North Indian teas opened strongly but sales fell off as the year went on. There appeared to be little demand for the large weight of thin-liquoring "rains" teas and the amount of stalk and fibre in the leaf became excessive. This resulted in the lowest level of prices since prewar years.

	Mark	1950-51 Export Average	1951-52 Export† Auction Price
Darjeeling	1	Rs. 2· 5· 7*	Rs. 1·12· 0
	2	2· 9· 7	1·14· 5
	3	2·13· 5	2· 1· 1
	4	2·14· 1	1·15·11
Assam	1	2· 1· 7	1·15· 3
	2	2· 2· 4	1·13· 5
	3	2· 2· 6	2· 2· 1
	4	2· 6· 0	1·12· 4
Dooars	1	1·13· 5	1· 9· 2
	2	1·13·10	1· 9· 5
	3	1·14· 3	1·11· 2
	4	1·14· 6	1· 9· 7
Cachar	1	1·10·11	1·10· 2
	2	1·11· 6	1· 7· 2
	3	1·13· 1	1· 7· 1
	4	1·13· 8	1· 9· 8

† Up to May 6, 1952.

* One rupee=approximately 21 cents Canadian.

Competition from Other Countries

The quality of indigenous tea chests (of which the market now uses 78 per cent) is showing some improvement but the standards need to be further raised. The handling of chests both on rail and river remained unsatisfactory and damage was high. Pilferage is still common, despite outwardly sound containers.

The general outlook for 1952 for the Calcutta market is good. The United Kingdom will require an extra 70 million pounds when the ration is increased and the U.S.A., Canada, Australia and New Zealand will probably buy larger quantities.

However, crops of India's competitors—such as Ceylon, Indonesia and Africa—have been increasing and the comparatively clean appearance of their leaf and the quality of their liquors, coupled with lower freight costs, make these tea-manufacturing countries dangerous competitors. Indian producers will have to work to maintain the liquor qualities and leaf appearances of their teas if they are to combat this serious competition.

—BRUCE I. RANKIN

Commercial Secretary for Canada.

BLEU Is a Major World Trader

This economic union ranked sixth among the world's trading nations in 1951 and the value of BLEU imports from Canada broke all records.

BRUSSELS—Despite its small size, the Belgo-Luxembourg Economic Union (BLEU)* is one of the great trading units of the world. In the 12 months' period September 1950 to September 1951, it ranked sixth in total world trade, following the United States, the United Kingdom, France, Canada and Germany. The Belgian Minister of External Commerce stated recently that nearly 40 per cent of Belgium's total production, valued at 350 billion francs, was exported.

The Belgo-Luxembourg Economic Union has always been an important export market for Canada, especially for wheat. Its importance has increased greatly since the war, both in the value and in the range of Canadian products purchased. In fact, the trade broke all records in 1951.

The main features of the Union's trade in 1951 were:

- Huge increases in both imports and exports; both climbed to record levels.
- An overall favourable balance of trade, especially with other European countries. (One result was to make BLEU an embarrassingly large creditor in the European Payments Union.)
- A series of measures applied to imports and exports by the Government, beginning in September, in an effort to correct the EPU situation.
- The continuing large deficit in trade with the dollar area.
- The Union's very favourable terms of trade because prices of its imported raw materials, such as wool, declined and prices of many of its major exports, notably steel, remained high.

Trade Values

According to Belgo-Luxembourg trade statistics, the import tonnage (rounded) in 1951 was 38 million metric tons, as against 30 million in 1950. The export tonnage was 20 million tons in 1951 compared with 16 million in 1950. The greater part of these large tonnages move through the port of Antwerp, one reason why it is one of the world's leading ports.

The table below shows the value of exports and imports in 1951 as compared with earlier years. In terms of dollars they were, roughly, \$2.7 billion and \$2.5 billion respectively. The excess of exports over imports in 1951 is most unusual. Traditionally, the Union has a deficit on merchandise account which is offset by invisible export items.

* Belgium and the Grand Duchy of Luxembourg began their economic union in 1922. Their imports and exports are recorded in common and they have a common gold reserve and foreign exchange control. Fifty Belgian francs equal approximately one Canadian dollar—Editor.

BLEU's large surplus in trade with Europe last year, 22 billion francs (\$440 million), and its large deficit, 13 billion francs (\$260 million) with North, Central and South America repeats the pattern that the Union's trade has always followed. The industry of Belgium and Luxembourg is essentially a transforming one. Foodstuffs and raw materials are imported, largely from America, and semi-finished and finished goods are exported, largely to Europe. The difficulty is that earnings from surplus sales to European countries and their overseas territories are no longer freely convertible into dollars to cover the deficit trade balance with America.

External Trade of BLEU

(billions of Belgian francs)

Period	Imports	Exports	Percentage of imports	
			Balance	covered by exports
1936-38 (average)	24.2	22.3	— 1.9	92
1947	85.5	61.6	—23.9	72
1948	87.5	74.1	—13.4	85
1949	81.7	79.8	— 1.9	98
1950	96.4	81.4	—14.5	85
1951	127.2	132.6	+ 5.4	104

Principal Suppliers

The ten leading BLEU suppliers in 1951, providing 75 per cent of the Union's imports, were: the United States, the Netherlands, France, Western Germany, the United Kingdom, Belgian Congo, Australia, Canada, Sweden and Switzerland. The U.S., ranking first as it has each year since the war, supplied 15.3 per cent of the total. The Netherlands displaced France in second place, and Germany replaced the U.K. in fourth place. A feature of the year was the great increase, 43 per cent, in Germany's exports to BLEU. German competition has become increasingly strong in the Belgian market over the past two years, and German goods of all kinds are now seen everywhere and at extremely competitive prices. The increase of 64 per cent in the figure for Sweden was the result, primarily, of the much higher prices for pulp which prevailed throughout the year.

Canada rose from ninth place in 1950 to eighth in 1951 and supplied 2.9 per cent of the total value of the Union's imports. The increase in Canada's sales was chiefly due to much larger exports of barley, oats, rye, wheat, wood pulp, passenger cars, silver bullion, asbestos, lead, zinc, aluminum, special steels, antibiotics, washing machines, and synthetic rubber.

Principal Imports

The major commodity groups imported by BLEU in 1951, in order of importance, were: textiles (especially cotton and wool); mineral products (especially iron ore and non-ferrous ores and concentrates); agricultural products (especially wheat and other cereals). These three groups alone accounted for approximately half of all imports.

BLEU is one of the most important world importers of cereals. Total imports of cereals in 1951 were valued at 7.5 billion francs, compared with 5.5 billion francs in 1950 and an average of 2½ billion francs in the immediate prewar years. Imports of wheat fell in the postwar period, reflecting the decline in bread consumption—the result of improved living

standards in Belgium and Luxembourg and the consequent shift to a wider variety of other foods. In 1914 the consumption of bread was 550 grammes per person per day. It fell to 450 in 1940 and now equals only 275 grammes.

Belgium has only one raw material of importance, coal. Luxembourg has only one, iron ore. Imports of raw materials and especially of minerals, metals and textile raw materials, therefore, bulk large in their trade.

Major Markets

BLEU's ten leading export markets last year, in order of importance, were: the Netherlands, the United Kingdom, France (plus the Saar), the United States, Western Germany, Belgian Congo, Sweden, Switzerland, Australia and Italy. Canada does not appear among these top ten. She ranked sixteenth among the Union's export markets in 1951, compared with thirteenth in 1950, and accounted for 1.4 per cent of its total exports against 1.3 per cent in 1950.

The outstanding change in the export trade last year, compared with 1950, was the huge increase in exports to the United Kingdom and France. The former doubled and the latter nearly doubled. This was the principal reason for Belgium's large surplus position in EPU. The large increase in exports to Australia was also notable. As a member of the sterling area, Australia is indirectly involved in EPU.

Three commodity groups accounted for nearly 70 per cent of all exports in 1951—metallurgical products, of which iron and steel and steel products were most important; textile products, and chemicals.

Trade with Canada

BLEU was Canada's third most important market in 1951. Canadian statistics show that exports to Belgium in 1951 totalled \$94 million, a rise of nearly 50 per cent over the \$66 million in 1950.

When the restrictions on imports into BLEU from the dollar area were imposed in September 1951 it was hoped they would remain in force only temporarily. There is still no indication that they will be removed entirely in the immediate future. However, a quota system was introduced in 1952, under which limited amounts of certain restricted dollar goods may enter the Union. Although the list of products for which licences are refused is not made public, these products accounted, as nearly as can be estimated, for five per cent or less of total Canadian exports to Belgium in 1951. That is, about 95 per cent of Canadian trade was unaffected by the restrictions.

In 1951 BLEU became Canada's eighth most important supplier, providing goods to the value of \$39 million, a 70 per cent increase over the \$23 million in 1951. Those countries, other than the United States and the United Kingdom, which exceeded the Union in importance all did so because of one or two products—petroleum from Venezuela, tea and rubber from Malaya, wool and sugar from Australia, coffee and cotton from Brazil, and tea and jute from India. In the range of products supplied, Belgium was probably only surpassed by the United States and the United Kingdom.

The Belgian Government and Belgian industry are making a special effort to increase exports to Canada this year. There was a large Belgian representation at the Canadian International Trade Fair. A number of the Belgian manufacturers were showing their products for the first time and were looking for suitable Canadian agents.

The following table shows the 16 principal Canadian exports to Belgium in 1951 as compared with 1950, in the order of their importance:

Principal Canadian Exports to BLEU

	(DBS figures)	
	1951 (Millions of Dollars)	1950
Wheat	\$35,800	\$26,900
Barley	16,634	2,036
Flaxseed	6,241	8,650
Oats	4,713	813
Motor vehicles (passenger cars, trucks)	3,148	3
Zinc (in ore, spelter and scrap)	3,096	3,966
Asbestos (including fibres and waste)	2,964	1,877
Rye	2,934	915
Lead (in ore and pigs)	2,678	4,103
Wood pulp	2,614	376
Canned salmon	1,663	3,098
Rubber tires	1,128	793
Drugs and chemicals (including synthetic rubber) ..	978	743
Lumber	835	955
Special steel	765	581
Silver in bullion	735	0

The table reveals that, to a great extent, Canada's export trade to Belgium consists of bulk foodstuffs and primary industrial raw materials. Nevertheless, semi-finished products have an established place and manufactured products and processed foods have been gaining in importance.

Unfortunately, some of these Canadian products (and others whose value in 1951 was under \$100 thousand) which had won, or were winning, a place for themselves in the Belgian market are vulnerable to import restrictions. Examples are: milk powder, evaporated milk, whisky, gin, leather, nylon hosiery, agricultural machinery, agricultural implements, gas stoves, oil stoves and lanterns, valves, optical lenses, sporting goods, toys and a considerable number of sundry articles ranging from paper cups to combs.

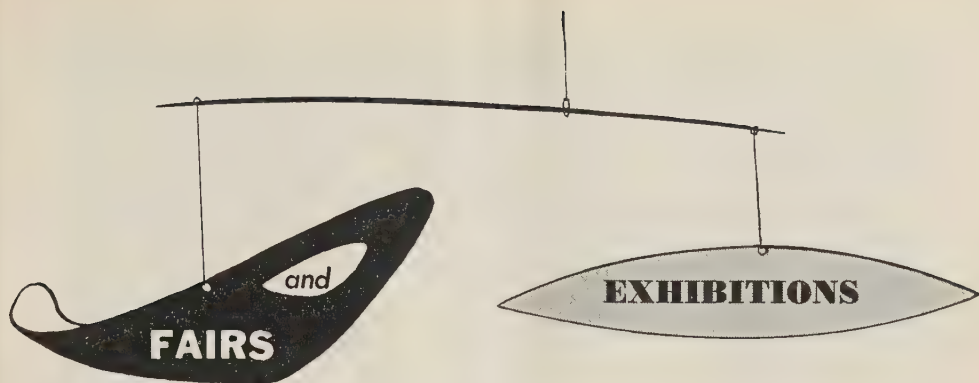
Exports to Canada

Detailed Canadian figures of imports from Belgium are not yet available in Brussels. The following table, however, shows the ten principal exports to Canada from Belgium in 1951 according to the Belgian Statistical Institute, in order of value.

Belgian Exports to Canada, 1951

	Thousands of kgs.	Millions of Belgian Francs
Iron and steel, forged or hot-rolled in special profiles	71,905	387.4
Iron and steel, forged or hot-rolled, of circular, square or rectangular section	39,530	207.3
Tin	838	121.0
Sheet iron or sheet steel, non-specified	18,128	117.1
Precious and semi-precious stones	2,857,023	112.6
Carpets, table covers and tapestries	624	110.0
Hoop iron and steel	15,713	95.0
Sheet glass	11,257	66.5
Glass in sheets or in plates	3,358	50.2
Portland cement	57,650	37.8

—BRUCE A. MACDONALD
Commercial Counsellor for Canada.



Machine Tools and Their Makers

Once every four years, Olympia, in London, becomes the scene of an International Machine Tool Exhibition. Scheduled for this autumn, the Exhibition will open on September 17 and close on October 4.

Every country which buys machine tools expects to send representatives and the tools on display will run the gamut from very small to giants weighing several tons. Altogether, the Exhibition will cover over 500 thousand square feet. The Machine Tool Trades Association, Victoria House, Southampton Row, London, W.C. 1, organizes the show and can supply any desired information.

The Canadian Government is sending an exhibit and will have experts on hand to answer questions about the Canadian market for machine tools.

“Comptoir Suisse”

Lausanne, September 13-28, will be the locale of the 33rd Swiss National Autumn Fair, the “Comptoir Suisse.” Some 2,250 exhibitors will display products from Swiss agriculture, industry, commerce, and the manual arts. A special pavilion will house exhibits from the Belgian Congo and Tunisia, exhibits stressing Switzerland’s relations with these countries.

The Fair will cover an area of a million square feet, with the displays classified in 21 different departments. Concessions offered to overseas visitors include reduced rates on the Swiss railroads and special admission tickets to the Fair itself. Any Swiss Consulate will supply further information.

Food Fashions

Ration-weary Britishers sighed at the exhibits at the British Food Fair last month—and enjoyed the free samples of everything from cheese to porridge. Most popular among the equipment displays:

- A model camping site, demonstrating lightweight equipment and compressed foods for campers and trailer travellers.

- A combined teapot and hot water jug, designed to prevent waste of tea and, theoretically, save the U.K. an estimated £3 million as a result. It has been patented in 25 countries.
- A new machine that detects the presence of "foreign bodies" in food.
- An electric cooker for the blind, with a control unit that operates through differently toned bells, an indicator button, and a braille timer.

Clocks and Watches

Clocks, watches, cutlery, jewellery—makers or buyers of these products will be gathering at Frankfurt am Main next month to attend the Special Watch, Clock and Jewellery Fair. The dates: September 19 to 22; the place: the city's Fair Grounds.

Held every year since 1949, this Fair brings out exhibits from practically the entire German watch and clock industry. The Swiss are sponsoring a collective exhibition and, in addition, certain Swiss firms such as Rolex and Jaeger-Le Coultre are taking space individually. Special features will include demonstrations of jewellery-making processes and of the making of cutlery.

United Kingdom Fairs

The following British Fairs of possible interest to Canadians are scheduled for the fall months. (See also list of European fairs in *Foreign Trade* of July 12.)

International Machine Tool Exhibition, Olympia, London, Sept. 17-Oct. 4.

International Commercial Motor Transport Exhibition, Earls Court, London, Sept. 26-Oct. 4.

Chemists' Exhibition, Horticultural Hall, London, Sept. 29-Oct. 2.

Motor Show, Earls Court, London, Oct. 22-Nov. 1.

Business Efficiency Exhibition, Kelvin Hall, Glasgow, Nov. 4-14.

Shoe and Leather Fair, Earls Court, London, Nov. 17-21.

Brewers' Exhibition, Olympia, London, Nov. 24-28.

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.



—U.K. Information Office

British Steel in 1952

LONDON—World steel production rose in 1951 by an estimated 11 per cent to a total of 206 million tons. But in the same period, United Kingdom output actually declined from 16·29 million tons in 1950 to 15·64 million tons in 1951. This contraction was not the consequence of a lower demand but of difficulties over raw material supplies—particularly scrap. These difficulties still exist and production for the first four months of 1952 was at the rate of 15·95 million tons for a full year, compared with a rate of 16·5 million tons in the first four months of 1951.

The position is, however, expected to improve during the rest of the year and total production should exceed that of 1951. Scrap supplies are still short but pig iron production is mounting and is expected to reach $10\frac{3}{4}$ million tons for the full year. The blast furnace expansion program for 1952 involves the completion of six new furnaces and by mid-1953 these should be producing additional pig iron at a rate of $1\frac{1}{2}$ million tons a year.

Iron Ore Supplies

Iron ore requirements appear to be covered. The table on page 14 shows the principal foreign sources for the first quarter of 1952.

Native iron ore sources supplied 14·6 million tons in 1951. Deliveries in the first quarter of 1952 were at the rate of 15·5 million tons for a full year.

U.K. Iron Ore Imports

Weekly average for first quarter 1952
(in thousands of tons)

Sweden	264.9
Sierra Leone	64.8
Spain	56.0
Tunis	38.5
France	34.7
Spanish North Africa	27.8
Morocco	25.0
Canada	10.7
Other	167.4
Total.....	689.8

Domestic Supply Position

The production of steel in the United Kingdom is inadequate to meet unrestricted domestic demands. Arrangements have been made to import steel from a number of sources and to cut down on exports. As a result, the home supply position should be at least as good, and probably better, than it was in 1951.

On the import side, the figures for the first quarter were at an annual rate of 1.5 million tons, compared with total imports in 1951 of 681 thousand tons. The following table shows the monthly average imports of steel into the United Kingdom for the first quarter of 1952, with corresponding figures for 1951:

U.K. Monthly Average Steel Imports

(in thousands of tons)

<i>Country of Origin</i>	1951	1952
France	21.6	23.5
Belgium	9.5	22.7
U.S.A.	3.5	20.9
Luxembourg	7.2	13.0
Netherlands	4.2	11.5
Germany	1.2	8.1
Canada	4.0	4.8
Other	5.6	25.4
Total.....	56.8	129.9

A breakdown of the imports shows that the largest single purchase on a tonnage basis was pig iron (31,000 tons a month), followed by plates and sheets (16,000 tons), wire rods (13,700 tons), ingots (11,000 tons), and ferro-alloys (10,200 tons). Purchases from Canada consisted largely of electric billets. Ferro-alloy imports from Canada in the quarter amounted to 13,130 tons, valued at £1,123,808.

Steel Exports

The planned reduction in exports from the United Kingdom brought the first quarter shipments down to 661,200 tons from 705,300 tons for the same period of 1951. Australia continued to be the largest outlet, taking 96,300 tons, followed by Canada (45,300 tons), South Africa (37,800 tons), and New Zealand (33,300 tons). A comparison of steel import and export prices suggests that in a number of cases the United Kingdom pays more for the steel she buys than she receives for the steel she sells.

British steel prices have been generally competitive in postwar years. A comparison of the home trade steel prices of the principal steel-producing countries in February 1952 reveals that United Kingdom prices were the lowest in every main category. In general, export quotations were equally competitive. Lately, however, there has been a softening of continental export prices which on occasion have fallen below United Kingdom prices. In the long run, however, the British prices should remain competitive.

Productivity in the United Kingdom steel industry has shown a progressive advance since the war until it is now about 50 per cent above the 1938 level. Plant modernization, while not complete, has been extensive and leaves the industry in a strong position to meet the future, if raw material difficulties can be overcome.

—R. P. BOWER

Commercial Counsellor for Canada.

United States Plans Increased Newsprint Production

NEW YORK—The United States Department of Commerce, concerned about newsprint supply, is undertaking a long-range program to expand domestic newsprint production. New production in the U.S., the Department feels, would ease the newsprint shortage and lessen the upward pressure on newsprint prices.

The Commerce Department will consider a higher objective for newsprint expansion than the current one of only 494 thousand tons over January 1, 1951, levels. Expansion programs approved so far by the Defence Production Administration will raise annual production by 375 thousand tons—120 thousand tons short of the present goal. Facilities to make up this tonnage are still lacking.

Expansion Program

In its expansion program the Department proposes to:

- Examine the obstacles which have retarded the expansion of newsprint production.
- Consult with producers and potential producers, including those interested in new techniques and processes, in an effort to obtain new production facilities.
- Appraise the value of new techniques and processes in co-operation with the Bureau of Standards and other laboratories, and make tests of these technical innovations.
- Discuss production problems with publishers and publishing groups.
- Co-ordinate its efforts with those of other government agencies in financing priorities, amortizations, etc., for new newsprint production.

Consumption of newsprint in May this year by 525 U.S. newspapers was 0·2 per cent more than in the same month of 1951. In the first five months of this year, consumption increased by 0·01 per cent. The table below compares this year with pulp prices fall 1950 and 1951.

	1952	1951	1950
	(tons)	(tons)	(tons)
January	345,313	345,552	345,093
February	348,630	336,568	333,159
March	399,258	394,387	396,923
April	393,470	410,723	403,801
May	404,071	403,233	401,922

Pulp Prices Fall

Canadian, Swedish and Norwegian prices for pulp were recently cut by \$40 to \$20 a ton to bring them in line with U.S. prices. Two types of wood pulp offered by foreign mills actually undercut the domestic price. However, United States mills have not yet committed themselves on third-quarter prices for these grades.

U.S. producers have issued third-quarter contract prices for three types of pulp. As the trade expected, Southern kraft mills were the first to cut prices. Unbleached Southern kraft is being offered at \$10 a ton, \$25 under the last established price level. Foreign mills do not make a pulp comparable to this grade.

Prices for bleached sulphate, \$145 a ton, and bleached sulphite, \$140 a ton, are unchanged from the second quarter. Swedish and Norwegian mills have met the price for both grades, while Canadian producers have met the price for bleached sulphite only. Canadian bleached sulphate is about \$5 a ton higher than the U.S. price.

Foreign mills have gone under the domestic levels on both unbleached Northern sulphate and unbleached sulphite, two of the grades on which U.S. mills have not yet committed themselves. Swedish mills are offering unbleached sulphite at \$125-130 a ton, compared with the second-quarter domestic price of \$132.50 a ton. Norwegian mills have followed the Swedish move, but Canadian producers have not yet announced prices on this grade.

The Canadians have taken the lead on unbleached Northern sulphate, however, offering it at \$100 a ton, about \$40 under second-quarter domestic prices for this grade. Swedish and Norwegian mills are offering the same type of pulp for \$125 a ton, \$15 below domestic levels.

Most sources believe U.S. mills will soon meet the foreign competition for these grades.

U.S. Pulp and Paper Prices

(Domestic mill contract prices, delivered, with varying freight allowances)

PULP

(Delivered prices)

	Per short ton
Sulphite, domestic	
Bleached	\$140·00
Unbleached	132·50
Sulphate, domestic	
Bleached	145·00
Unbleached, Northern	140·00
Unbleached, Southern	100·00
Groundwood	92·50
Soda	140·00

PAPER

(delivered New York)

Newsprint		
Rolls, per ton	\$115.00-126.00	
Sheets	131.00	
Kraft—per cwt. 40-lb. basis, f.o.b. mills		
Superstandard wrapping	10.50	
No. 1 wrapping	9.50	
Standard wrapping	8.00	
Standard bag	8.00	
Tissues, per ream		
White No. 1	1.95-	2.05
White No. 1½	1.75	
White No. 2	1.40-	1.50
Kraft	1.80-	2.00
Reg. Jute M.F. 40-lb. sheets	19.50	
Book, per cwt.		
distributors' resale price, case		
B. grade E.F.	17.40-	18.15
Process-coated	18.40-	18.90
No. 1 glossy coated	23.90-	24.65
No. 2 glossy coated	22.15-	23.40
No. 2 offset	18.65-	19.90
Bond—per cwt. carton lots		
No. 1 sulphite 20 lbs.	19.00-	20.50
25 per cent rag 20 lbs.	31.65-	33.00
Paperboard, per ton		
Plain chip	105.00	

WASTE PAPER

(f.o.b. New York)

Packers' price, carload lots		
No. 1 mixed	\$ 5.00-	6.00
No. 1 news	8.00-	10.00
No. 1 hard white shavings	100.00-	110.00
No. 1 soft white shavings	90.00-	100.00
No. 1 soft white (one cut)	110.00-	120.00
Mixed books	15.00	
No. 1 hard white cuttings	125.00-	130.00
No. 1 fly leaf shavings	20.00-	25.00

—A. E. BRYAN

Deputy Consul General of Canada and Trade Commissioner.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. H. Palmer, Consul General of Canada and Trade Commissioner in Manila, Philippines, began a tour of Canada on June 15; will visit the following cities in the next six weeks:

Montreal—Sept. 8-19

Ottawa—Sept. 20-23

Toronto—Sept. 24-Oct. 1

Businessmen may get in touch with Mr. Palmer at the Board of Trade in Montreal, Department of Trade and Commerce in Ottawa, and the Canadian Manufacturers' Association offices in Toronto.

Commodity Notes

AUSTRALIA

Sulphuric Acid—According to a recent press statement, a new contact sulphuric acid plant, to cost about £1,250,000 and have a yearly capacity of approximately 35 thousand tons of acid, is to be erected by Sulphide Corporation Pty. Ltd., a subsidiary of Consolidated Zinc Corporation Ltd. The plant will be erected at the corporation's works at Cockle Creek, near Newcastle, N.S.W.

The present superphosphate plant will be modified and enlarged and, when completed, the new works will provide increased supplies of acid and of superphosphate for important industries in the Newcastle area—Melbourne, July 17.

BRAZIL

Rolled Steel—Brazil produced 702,418 metric tons of rolled steel in 1951, valued at Cr\$2,493,457,000, according to statistics released by the Ministry of Agriculture—Rio de Janeiro, July 30.

CHILE

Coal—The Minister of Economy and Commerce has been approached on the need for importing 50 thousand tons of coal for consumption during the rest of the year. During the first six months of 1952, 18 thousand tons have been imported from the United States. This has not met the normal demands of industry, the gas company and the state railways—Santiago, July 15.

GREECE

Wheat—For the first time since the beginning of World War II, the Greek Government has purchased Canadian wheat. On June 24, 1952, an adjudication was held simultaneously in Athens and in Ottawa for the procurement of 37 thousand metric tons of grade No. 5 wheat. According to the results of this adjudication, half of the quantity was purchased for shipment via the St. Lawrence during the second half of July, and the other half for shipment via Churchill during the second half of August—Athens, July 15.

ITALY

Automobiles—The Italian Automobile Industry produced 145,533 units in 1951, an increase of 13·8 per cent over the 1950 production of 127,847. The peak month in each year was July (14,860 against 12,202 in 1950), while the lowest month was August (7,973 against 6,213 in 1950). In the last two months of 1951, production was lower as compared with the monthly average (about 13,000).

Since the war, Italy's position as an exporter of motor vehicles has steadily improved, with 1951 the record year to date. Some 32,250 units

were exported against 21,905 in 1950, an increase of 47·2 per cent. Main markets were Germany, Switzerland, Austria, Australia, and Sweden—Rome, July 19.

NORTHERN RHODESIA

Copper—Primarily because of increasing copper exports, Northern Rhodesia continues to accumulate record trade balances. The value of the territory's exports, to which copper contributed 93 per cent, reached nearly £21 million during the first quarter of 1952. With only a slight increase in imports, the favourable balance during the first quarter of this year exceeded £12 million, compared with £6·8 million during the same months of 1951—Cape Town, July 4.

SOUTH AFRICA

Gold—Current reports by the Transvaal Chamber of Mines summarize the situation in the gold mining industry as: general shortage of men, materials and services; operations below capacity; steeply rising production costs with an inevitable decline in profits; dividends adversely affected by increasing rates of taxation. Figures for the first five months of 1952 are: working revenue, £60 million (£56·5 million in the same period of 1951); working costs, £42 million (£37·3 million); working profits, £16 million (£19·1 million)—Cape Town, July 4.

SWEDEN

Iron Ore—Swedish iron ore exports have not yet been hit by the severe decline which has affected most raw materials. Both the export volume and the price per ton are increasing.

Last year's exports of iron ore amounted to nearly 15 million tons which, at an average price of Kr. 34.00 per ton, represented five per cent of Sweden's total exports. An even higher volume of exports is expected for 1952. This, and a sharp increase in the price per ton (Kr. 56.00 in April 1952), will make it even more important to Swedish foreign trade. Iron ore exports in the first four months of 1952 amounted to just over four million tons. Chief markets are Germany, the United Kingdom, and the United States. Some ore goes to Poland as barter for coal—Stockholm, July 24.

UNITED STATES

Petro-Chemicals—Crude chemical production from petroleum and natural gas in the United States in 1951 reached a new high of 8,505 million lbs. compared with 6,935 million lbs. in 1950. Included in these figures are aromatics and naphthenes and aliphatic hydrocarbons, benzene, toluene, xylene, cresylic acid, naphthenic acid, ethane and ethylene, propane, and butadiene. Sales of these products in 1951 totalled 5,150 million lbs. valued at \$287 million, compared with 4,057 million lbs. valued at \$114 million in 1950—Washington, D.C., July 18.

General Notes

CHILE

Brazil-Chile Trade—A representative of the Brazilian Rural Confederation has expressed interest in increasing trade with Chile, particularly in minerals, barley, preserves, apples and wine. Brazil would be interested in increasing exports of bananas to Chile and has already made a first shipment of 50,000 hands. Ocean freights will have to be considered, because they are one of the principal reasons for reduced trade between the two countries—Santiago, July 12.

FINLAND

Wood Products Industry—According to a recent statement by the Finnish Wood Products Industry, all factories in the cellulose branch will have to close down for at least two months because of reduced sales. All sawmills are to close for an unstipulated period because the timber yards are full. It is expected that there will be little lumbering activity in the forests next winter because of heavy stocks—Stockholm, July 24.

HONG KONG

Japan Seeks Trade in Hong Kong—Japanese businessmen are taking a keen interest in Hong Kong. During the past two months many representatives of leading Japanese firms have made business trips to the Colony to survey trade prospects. Japanese vessels are again calling at Hong Kong harbour. Current press reports indicate that a joint Sino-Japanese bank for Hong Kong is being considered. Latest advice is that the Japanese Government will establish a Consulate General in Hong Kong some time in August. In current trade returns of the Colony, Japan features as an important trading partner, ranking after China, Malaya and the United Kingdom—Hong Kong, June 30.

New Cable from Manila—The Philippines Government has given final approval to the proposal of the Eastern Extension, Australasia and China Telegraph Company, Limited, to construct, maintain and operate a new submarine cable connecting Manila with Hong Kong. The laying of the cable is expected to begin immediately—Hong Kong, June 30.

ITALY

Electrical Production—Electrical production in Italy in 1951 reflected the rapid advance in electrical installations since the end of the war. A total of 24,680 million k.w.h. was produced in the first ten months of the year, as compared with 15,544 million in the whole of 1938, an advance of some 78 per cent.

This improvement stems from favourable water conditions and the coming into operation of many new plants, nine-tenths of which are hydro-electric and the remainder thermo-electric. Further increases in installations are anticipated—Rome, July 19.

NORTHERN RHODESIA

Balance of Trade—Thanks to the boom in copper prices, Northern Rhodesia continues to establish record trade balances. During the first four months of 1952 the territory's favourable balance of trade increased by over £16 million. According to the latest official statistics, Northern Rhodesia's imports from January to April totalled £11,298,000. Exports, of which copper accounts for 93 per cent of the value, soared to £27,377,000 during the same period—Johannesburg, July 18.

SOUTHERN RHODESIA

World Bank Mission—A Mission from the International Bank arrived in Salisbury recently to examine the progress made since a similar visit last year.

The three-man mission will investigate an application by the Northern Rhodesian Government for a loan (believed to be about £8 million) for the construction of new railway lines linking the Rhodesias with the coast. Last February the World Bank approved a loan of £10 million to Southern Rhodesia for electrical development—Johannesburg, July 19.

TAIWAN

Bank of Taiwan—The Bank of Taiwan is the leading financial institution in Taiwan and virtually the only commercial bank. It definitely operates as a normal trading bank, handling all kinds of general banking business, but it is also to all intents and purposes the Central Bank of Taiwan, for it acts as fiscal agent of the Government and handles the note issue. In addition, it alone is authorized to handle the financing of Taiwan's foreign trade, which it regulates for the Government by operating the licensing of all imports and exports. It also enjoys a monopoly of the banking business of the government agencies and industries—Hong Kong, June 27.

UNITED KINGDOM

Overseas Trade—In June, U.K. exports totalled £185 million. Compared with May (a longer working month by four days) this was a reduction of 18 per cent but the shorter working period should have meant a reduction of only 15 per cent.

Imports in June (£276·7 million) were down by 14 per cent from the May total. The excess of imports over exports for the month was £83·4 million, compared with £84·8 million in May. Exports to the United States in June were £11·6 million, against £13·5 million in May. Exports to Canada fell to £9·5 million from £11·2 million—London, July 14.

Trade and Tariff Regulations

Republic of Ireland Controls Imports

Dublin, July 24—FTS—By orders of the Republic of Ireland issued under the Control of Imports Acts 1934 and 1937, further quotas and quota periods have been announced. They are:

- Inner tubes for bicycle tires: 13 thousand articles, as against 18 thousand articles for the previous six months.
- Inner tubes for motor vehicle tires: 3,000 articles, as against 7,000 articles for the previous six months.
- Pneumatic tires for bicycles: 19 thousand articles, as against 26 thousand for the previous six months.
- Pneumatic tires for motor vehicles: 3,500 articles, as against 10 thousand for the previous six months.

The period fixed in all these cases is from August 1, 1952, to January 31, 1953.

Customs Duties in Republic of Ireland

Dublin, July 25—FTS—Under the following Orders, the Government of the Republic of Ireland has announced new and revised import customs duties as follows:—

Under Emergency Imposition of Duties (No. 278) (Venetian Blinds) Order, 1952, a duty of $37\frac{1}{2}$ per cent ad valorem full rate and 25 per cent ad valorem preferential rate has been placed on imports of venetian blinds and parts as and from June 23, 1952.

Emergency Imposition of Duties (No. 279) (Woven Labels) Order, 1952, extends the scope of the duty mentioned at Irish Tariff Reference No. 133 to all labels of woven material with letters or designs either woven or printed thereon, from June 24, 1952. Heretofore this duty only applied to labels that had a design or number printed on them. A flat rate of $33\frac{1}{3}$ per cent ad valorem applied.

Emergency Imposition of Duties (No. 280) (Lampshades) Order 1952, imposes a duty of 50 per cent ad valorem full rate and $33\frac{1}{3}$ per cent ad valorem preferential rate on imports of certain plastic lampshades as and from June 24, 1952.

Emergency Imposition of Duties (No. 281) (Artificial Silk Piece Goods) Order, 1952, extends the scope of the existing customs duty of 50 per cent ad valorem full rate, $33\frac{1}{3}$ per cent ad valorem preferential rate now on artificial silk piece goods, to include the following:—spun rayon cloths (other than printed cloths), cloths which are less than $2\frac{1}{2}$ ozs. in weight per square yard, and cloths which are patterned in colour and which are 60 inches and over in width. This duty became effective from June 24, 1952.

Emergency Imposition of Duties (No. 282) (Dolls' Clothing and Components) Order 1952, imposes as and from July 4, 1952, a customs duty of 75 per cent ad valorem full rate; 50 per cent ad valorem preferential rate on component parts of and clothing for dolls of all descriptions.

Emergency Imposition of Duties (No. 283) (Glue, Gelatine and Size) Order 1952, increases the import customs duty on glue, gelatine and size to 75 per cent ad valorem full rate; 50 per cent ad valorem preferential rate, as and from July 4, 1952.

Emergency Imposition of Duties (No. 284) (Abrasives) Order 1952 scales down the import duty from July 18, 1952, on certain abrasives as mentioned at Tariff Reference No. 1/3 to 30 per cent ad valorem full rate; Canada and United Kingdom, 20 per cent ad valorem; other Commonwealth countries, 30 per cent ad valorem.

Greece Increases Certain Tariff Coefficients for Currency Conversion

Athens, July 28—FTS—Greece has increased the coefficients for converting specific rates of duty on certain commodities by virtue of a Cabinet decision effective July 11, 1952. Rates of duty are expressed in the Greek customs tariff in metallic drachmae. These are converted into actual currency by means of coefficients varying according to commodity, which are also listed in the tariff. An increase in the coefficient of conversion is therefore equivalent to an increase in the rate of duty.

Among the items affected, the following may be of interest to Canada (the previous and new coefficients respectively being shown in parentheses): raw materials for papermaking, beeswax, and electric heating appliances (36 and 40); needles (25 and 40); unwrought iron and sheet iron (22 and 40); sawn lumber (15 to 25 and 30); certain chemicals (20 and 30), paper and board (15 to 25 and 30).

Exporters may obtain information on the effect of the changes on specified goods by writing to the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa.

British Guiana Establishes Quotas for Medicines

Quotas holders in British Guiana have been notified that quotas for the import of limited quantities of patent and proprietary medicines have been established.

These quotas, issued as from July 3, are charged against the ordinary dollar programs and are therefore additional to imports covered by the Trade Liberalization Plan.

Commonwealth Gift Centre Closes

London, July 31—FTS—The Government announces that it has been decided to close the Commonwealth Gift Centre on October 31. After that date, the Ministry of Food will no longer be able to receive bulk gifts of food for general distribution or to pay the charges which it has hitherto borne—the cost of sea freight and inland carriage to the point of distribution.

The announcement, issued by the Ministry of Food, expresses the Government's gratitude for the vast number of food gifts received at the Centre since it opened in 1942. Their value has reached a total of nearly

£ 3,500,000. The Centre was set up under a different name for the purpose of distributing, with the help of local authorities, schools, and many national organizations, the large quantity of food sent in bulk to the Ministry by donors all over the world.

This decision affects only bulk food gifts the distribution of which has been the responsibility of the Ministry. The Government does not in any way wish to discourage the flow of parcels being sent direct to individual recipients from individual donors overseas.

Brazilian Imports from Hard Currency Countries

Rio de Janiero, August 1—FTS—The Bank of Brazil has issued a new list of commodities for which licence applications will be considered for imports into Brazil payable in dollars during the next six months. The list dated April 30, 1951, is hereby cancelled so that only a very restricted group of highly essential items remain as possible dollar imports.

Full details of the new list may be obtained by writing to the International Trade Relations Branch.

Venezuela Increases Cotton Textiles Quota

Caracas, July 30—FTS—The Venezuelan import quota for cotton textiles has been increased from three million kilos to 3½ million kilos for the year ending December 31, 1952. This additional amount has been authorized to avoid an anticipated shortage of materials in the national clothing industry.

Importers with previous pattern of trade are allocated 2,250,000 kilos of the total and the remainder will be purchased directly by the clothing manufacturers. A further additional quota may again be granted towards the end of the year should it be considered necessary.

Ireland Controls Imports of Mechanically Propelled Vehicles

Dublin, July 24—FTS—The Government of the Republic of Ireland has, under the Control of Imports Act 1934 and 1937, made an order entitled Control of Imports (Quota No. 47, First Period) (Road Vehicles) Order, 1952. This order announces the first import quota period from July 8, 1952 to December 31, 1952, for certain mechanically propelled road vehicles and sets the number at 40. (See also *Foreign Trade* of June 14, page 761.)



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foreign trade

AUGUST 23, 1952



OTTAWA
CANADA



The Malayan Rubber Industry

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foreign trade

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The Malayan Rubber Industry

More high-yielding trees, improved tapping and processing, and continuous research--these are the rubber planters' response to increasing competition.

SINGAPORE—By value, few of Canada's imports are more important than natural rubber. Though she produced 62,293 long tons of synthetic rubber in 1951, Canada also imported 48 thousand tons of crude rubber and latex valued at more than \$60 million. Eighty per cent of this came from Malaya which, added to some \$9 million worth of tin, made that country our fourth most important source of supply. Last year only the United States, the United Kingdom and Venezuela outranked Malaya in sales to Canada.

Malaya's rise from a position of seventh or eighth to fourth on the Canadian import list can be attributed almost entirely to large increases in the values of her two strategic raw materials. This in turn was caused by scare buying, stockpiling and defence requirements after the outbreak of hostilities in Korea. But in addition to value increases in imports from Malaya, there was a modest rise in volume in 1950 and 1951.

Canadian Imports of Rubber—Latex and Crude

	Malaya		Other Sources		Total	
	Volume (short tons)	Value (in million \$)	Volume (short tons)	Value (in million \$)	Volume (short tons)	Value (in million \$)
1951	43,344	48.3	10,417	12.2	53,761	60.5
1950	40,730	23.0	11,580	7.9	52,310	30.9
1949	35,728	11.0	9,115	3.9	44,843	14.9
1948	40,463	14.8	7,380	3.4	47,843	18.2

Malaya's rubber industry stands as one of the foremost achievements in British colonial development. Without this industry the sterling area today would be in an even more difficult financial position. In 1950, rubber exports earned more than \$290 million for the London dollar pool. In 1951 the figure was \$425 million and in the first four months of 1952 exports to Canada and the United States touched \$92 million.

Export duty collected by the Federation of Malaya totalled \$70.5 million in 1951 and, with corporation taxes, the rubber industry contributed 50 per cent of Federation revenue. A large proportion of this is used to wage the most difficult kind of jungle warfare against Communist bandits. Of Malaya's population of six million, some 1½ million are directly or wholly dependent on rubber. Obviously the country's welfare, politically as well as economically, is almost totally governed by the rubber market.

Rubber production in southeast Asia dates back some 75 years. Henry Wickham, an English trader and explorer, managed to obtain seeds from Brazil which were germinated in Kew Gardens, London, and shipped as plants to Ceylon and Singapore. At that time there was little interest in rubber production in Malaya because of limited markets.

About 1910 the advent of mass-produced automobiles brought rubber production and planting to the fore. British capital came to Malaya in a big way. World War I increased the demand but posed difficulties in development. During this period the Dutch, who were neutrals, rapidly expanded their industry in the Netherlands East Indies to the point where it equalled Malayan production.

The history of rubber between the two World Wars was largely one of over-production, restrictive agreements, and arguments between buyer and seller. In 1932 the average price in New York was 3·43 cents per pound, compared with the 50-year average of 40 cents a pound. An agreement restricting production in British territories in the 1920's fell through primarily because it did not include the Dutch East Indies. A second agreement in the 1930's between British and Dutch worked reasonably well up to the Japanese entry into World War II. Since the war, the natural rubber producers in Southeast Asia have worked uneasily in the shadow of two threats to their economic welfare: first, synthetic rubber, world production of which is more than half that of Southeast Asia and, second, a strategic stockpile equal to more than six months' production.

Production Methods and Uses

To meet the threat of synthetic rubber, the Malayan industry is concentrating on higher quality through more efficient tapping and processing, and on replanting with high-yielding trees. Of the 3½ million acres of rubber plantations in Malaya, roughly 10 per cent is planted in high-yielding trees. The importance of this is obvious. Under optimum conditions, high-yielding trees produce 1,800 lbs. per acre annually compared with 400 lbs. for the old type.

More economical production may enhance the eternal bogey of over-production which resulted in the restriction schemes of the twenties and thirties. To counter this, the industry levies a small tax on rubber produced and thus finances a program of research in Kuala Lumpur and the United Kingdom and an advertising program in the United States. One of the schemes currently being investigated is that of providing a satisfactory rubber road surface. The idea is that rubber mixed with asphalt will stand up to severe climatic conditions better than other surfaces. Experimental strips have been laid in Canada, the United Kingdom, the United States, Holland and Malaya.

World Rubber Consumption

	World consumption	10-year percentage increase
1910	100,000 long tons	—
1920	297,500 " "	197·5
1930	710,000 " "	139·0
1940	1,110,000 " "	56·3
1950	1,705,000 " "	53·6

The paint industry has made use of rubber's adaptability to variations in temperature and satisfactory types of all-weather paints have been developed.

If figures of past consumption are a guide to future requirements, natural rubber producers need have no worry about over-production in the long run. One often-mentioned solution to the production and pricing problems of both growers and users is a world agreement including both major producers and consumers, similar to the International Wheat Agreement. Efforts towards this end have so far been notably unsuccessful.

Estates and Small Holdings

The industry in Malaya is divided into two parts: estates of over 100 acres, mainly European-owned, and Malay, Chinese and Indian small holdings. The proportion of production from estates and small holdings is roughly 55 to 45 but this varies with the market price of rubber.

Rubber estates are run on ordinary business principles. Originally, capital was subscribed overseas, mainly in London, but also by large rubber companies in the United States. Today only 35 to 40 per cent of the Malayan industry, valued at £700 million, is owned overseas. Estates employ salaried staff on a contract basis, they install machinery and equipment to handle latex and turn this into crude rubber sheets. They carry on a constant fight with nature to maintain plantations and stop jungle growth and their bookkeeping includes an item for depreciation not only for plant and equipment but also for replanting. In short, estates have relatively fixed operating costs which cannot be easily altered with the rise and fall of the market.

Small holders operate rather like seasonal industries in Canada. Instead of the season, the market price is the variable. With little or no plant or equipment or salaried staff, production depends entirely on monetary returns. If a small holder finds that he can get greater return for his labour in other fields or by working for daily wages on estates, he can stop tapping his own trees. The small holder's investment remains intact. Little maintenance is required and the holding can be worked whenever the owner desires.

According to theoretical laws of supply and demand, this flexibility should tend to even out prices on the free market. Unfortunately, there are other variables, principally defence requirements since the Korean war, which have caused violent fluctuations in the market price.

It is the Government's policy to foster the small holder side of the industry because it is the backbone of all agriculture and food production in Malaya. Small holders have not so far shown much interest in long-range development, such as replanting with high-yielding trees which produce no return for seven years. Consequently the State levies a tax on small holders' production of $4\frac{1}{2}$ Malayan cents a pound to finance co-operative replanting schemes under government supervision. Co-operative societies assist in marketing, in improving the primitive tapping methods and by providing central factories for processing latex.

—D. S. ARMSTRONG

Canadian Government Trade Commissioner.

Trends in U.S. Trade

First-quarter figures, 1952, showed United States foreign trade continuing to expand, though imports dropped. April reports reveal a somewhat different trend.

IN 1951, the foreign trade of the United States broke all records. Sales abroad totalled \$15.02 billion—almost \$5 billion more than in 1950 and close to the \$15.3 billion mark set in 1947. Imports too reached a new high of \$10.96 billion, \$2 billion more than the previous record in 1950.

The first quarter of 1952 saw the total foreign trade of the United States still expanding. Sales went up by 20 per cent in the three months, but purchases from other countries decreased by nine per cent. The table below tells the story:

	U.S. Trade* (millions of dollars)		Percentage
	Jan.-March 1952	Jan.-March 1951	
Exports	3,995.0	3,335.0	+20
Imports	2,776.4	3,035.0	— 9
Total Trade	6,771.4	6,370.0	+11

Trade Down in April

On June 20, the Bureau of the Census published preliminary trade figures for the month of April. They reveal that U.S. shipments to all countries, except Canada, declined.

Exports fell from \$1,417 million in March to \$1,332 million in April. Imports into the United States also dropped—from \$963 million in March to \$931 million in April. In other words, exports during April were down six per cent and imports by three per cent compared with March. Compared with April of 1951, exports were three per cent and imports ten per cent less.

Export of vegetable food products and beverages showed the biggest dip, falling from \$217 million in March to \$175 million in April. The slump is attributed to lower shipments of wheat and corn. A decrease in exports of unmanufactured cotton caused a drop from \$166 million to \$133 million in outgoing textile fibres and manufactures.

From March to April, exports of inedible vegetable products—except fibres and wood—also skidded, from \$58.4 million to \$42.7 million. This stemmed principally from a decline in exports of crude soybean oil and unstemmed flue-cured tobacco.

* U.S. exports for the first quarter under the Mutual Security Program (MSP), which are included in total export figures above, amounted to \$237.9 million, compared with \$253.9 million in the same period of 1951.

The U.S. Commerce Department noted the following important April declines in U.S. exports:

	March	April
Chemicals and related products	\$81.1 million	\$68.4 million
Edible animals, animal products	28.1 "	20.4 "
Metals and manufactures (except machinery and vehicles)	123.2 "	116.7 "
Inedible animals, animal products	17.7 "	14.1 "

On the import side, vegetable food products and beverages dropped from \$267.8 million to \$249.7 million. This was said to be largely the result of smaller imports of raw or green coffee. From March to April, imports of inedible vegetable products (except fibres and wood) fell from \$117.8 to \$106.7 million, chiefly because of a decline in imports of crude rubber and unmanufactured tobacco.

An advance in imports of crude petroleum during the March to April period, however, contributed to a rise in imports of non-metallic minerals to \$98.9 million from \$87.8 million.

Import Restrictions Hampering

It had been expected that imports would ease off this year, largely because of lowered demand for raw materials when defence production and other orders levelled off. However, restrictions on trade, including import quotas on Canadian and other imported cheese, and proposals for similar restraints on other U.S. imports have reinforced the import drop. Even where new import restrictions are merely proposed, the immediate effect is to discourage import houses from building up business for goods that may be limited by curbs.

The fact that high-volume export trade has continued through a good part of this year has surprised many, though some expected that increasing military aid shipments abroad would make up part of the decline looked for early this year.

Buying Decline Expected

Dollar shortages and consequent import restrictions, which have been cropping up in world markets since the latter part of 1951, do not yet seem reflected to any marked degree in the latest figures. Decline in buying by the sterling area and such key markets as Latin America, because of dollar difficulties, can be expected to become more evident during the rest of the year.

Military assistance shipments are included in export statistics. Totals for the early part of this year show the important part such shipments play in keeping up export volume.

Mutual Security Program shipments during the first four months of 1952 showed a steady increase—from \$65 million in January to \$78,700,000 in February, \$94,200,000 in March and \$153,700,000 in April. The \$381,600,000 total compared with \$336,800,000 for the same period of 1951.

Although no details of Canadian trade with the United States are yet available from U.S. sources, the following figures published by the

Dominion Bureau of Statistics show the position up to the end of April this year, compared with the same period in 1951 and 1950.

Canadian Exports to the U.S.
(millions of dollars)

	1952	1951	1950
January	187·2	186·9	130·8
February	168·7	152·4	128·8
March	185·2	190·2	154·3
April	181·1	183·1	137·8

Canadian Imports from the U.S.
(millions of dollars)

	1952	1951	1950
January	228·7	233·3	154·4
February	211·8	199·0	143·1
March	253·4	245·7	160·9
April	245·6	278·4	162·2

—A. E. BRYAN

Deputy Consul General of Canada and Trade Commissioner.
NEW YORK

Encouraging the French Exporter

PARIS—Early in July, the French Government took a new step towards its objective of increased export trade. An order published on July 2nd increased the exemption from internal taxes which, for some time past, has applied to a long list of goods or products manufactured in France and sold abroad.

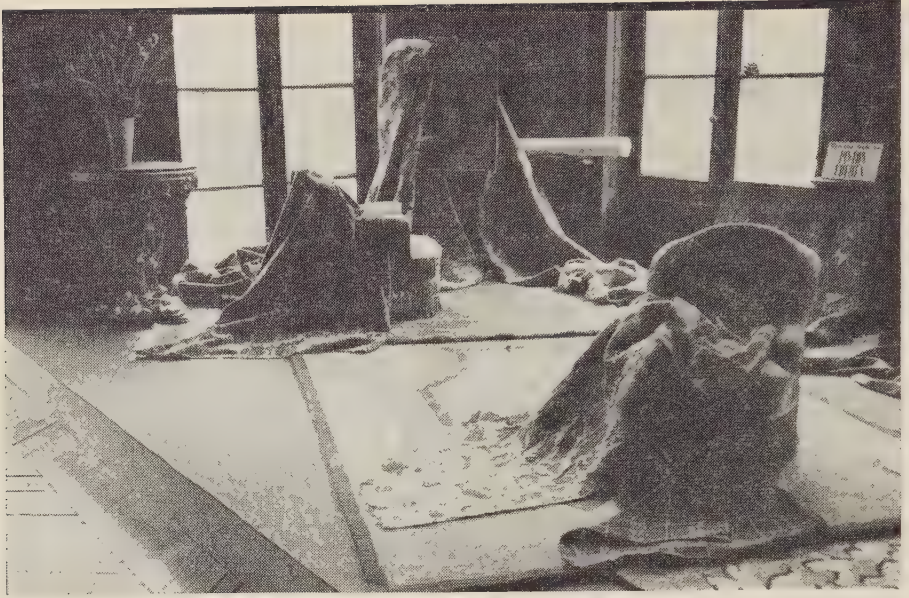
Under the order, direct social security payments, which now amount to between 35 and 40 per cent of salaries, will be totally refunded when the goods are exported to any country except Argentina or the Soviet-dominated states. In addition, exporters will receive a partial rebate of sales and production taxes.

Earlier Action

This is not the first action of the kind. Under a measure passed in March 1951, for example, 80 per cent of social security payments on goods shipped to Canada and the United States were refunded. In February 1952, this proportion was reduced to 50 per cent, but all exports received this concession.

To understand the situation, it is necessary to realize that in France family allowances, old age pensions, and workmen's compensation payments are financed by a direct levy on employers and employees. In recent months, this levy has equalled nearly 38 per cent of France's total wage bill.

French exporters have insisted that these payments play an important part in keeping production costs high and thus making it difficult for French products to compete in world markets. They point out that the reduction in manufacturing costs which the new measure will make



—French Information Service.

These upholstery fabrics and carpets, arranged for display, are typical products of French textile plants, which have not escaped the textile depression. New measures to encourage exports may help the industry.

possible will vary with the proportion of labour cost for each article. For industry in general, the saving should be about five per cent. Hand-made goods should benefit more, with costs dropping up to 20 per cent.

Some Goods Excepted

The extensive list of goods which do not benefit from this new measure includes many agricultural products, fish, various categories of wood and its products, fertilizers, certain chemicals, hides and skins, most primary metal forms, and transportation equipment including automobiles and ships.

On about 200 commodities, a 66 per cent drawback of sales and production taxes has been replaced by a refund of 8/15 of taxes paid, with this rate dropping to 1/3 of taxes paid on the remainder. No tax drawback of this sort is allowed on another list of goods, although about 100 of them do qualify for the social security drawback.

To obtain these concessions, the manufacturer must satisfy the French Government that the goods have actually been exported and that the request for a refund applies only to that part of his production exported to a foreign country.

The advantage an exporter obtains under these measures will naturally vary not only with the commodity exported but with the category in which the regulations place his goods. On the total value of French exports, the cost of these measures to the Government (and the possible average decrease in export prices) is expected to be about three per cent.

—J. H. STONE

Assistant Commercial Secretary for Canada.

Transportation Notes

CHILE

National Airline Assisted—It is stated that the Government will give the sum of Ch\$200 million annually as an extraordinary and permanent assistance to the National Airline (L.A.N.) to renew its equipment and especially to purchase airplanes. This will enable the company to maintain a regular service with the south of Chile, especially Punta Arenas, where weather conditions require the use of modern equipment—Santiago, July 16.

HONG KONG

Cargo Tonnages in 1952—Figures for tonnages of Hong Kong's commercial cargo over the first five months of 1952 indicate total traffic is slowly recovering from the February low. The average monthly tonnage in 1951 was: discharged, 263,087; loaded, 146,834. In 1950 the figures were: discharged, 327,972; loaded, 194,675—Hong Kong, June 30.

NEW ZEALAND

Waterfront Dispute Losses—The Government Statistician has estimated that the loss to New Zealand from last year's industrial dispute was about £42 m. Various estimates included in the total were: the Wool Commission's figures for the loss from missing the advantageous wool sales, £31 m.; loss through reduced coal output, £1 m.; Labour and Employment Department's special transport fund, £1·25 m.; loss in wages to strikers, about £3 m.; loss of revenue from transport, £2 m., and the loss on fruit, £150,000—Wellington, July 21.

Civil Aviation—Figures just released show a large expansion in every sphere of civil aviation last year. Internal passenger traffic increased by 27 per cent during the year ended March 31, the total being 303,048 compared with 238,405 the previous year. Trans-Tasman passenger traffic increased by almost 50 per cent—from 31,259 to 46,673.

Internal freight traffic rose from 37·0 m. lbs. to 59·6 m. lbs., or almost 60 per cent. Trans-Tasman freight almost trebled, rising from 0·6 m. lbs. to 1·7 m. lbs.—Wellington, July 21.

NORTHERN RHODESIA

Port Congestion a Problem—More than 700 thousand cu. ft. of timber destined for Northern Rhodesia has accumulated at East London, Port Elizabeth and Durban during the past few months because the railways are unable to move it.

According to the Economic Secretary of the Legislative Council in Lusaka, timber shipments to Northern Rhodesia were diverted to South African ports when Beira became congested earlier this year. As a result,

the South African railways were unable to cope with the increased traffic. Thus Northern Rhodesia now suffers from an acute shortage of timber while more than a year's supply lies in South African ports awaiting rail transportation northward—Johannesburg, July 18.

PORTUGAL

Sea Transport—Portugal's sea transport has almost doubled its prewar volume. In 1939, the Portuguese ports handled 5,950 vessels with a total tonnage of just over 14 million. In 1951, ships handled totalled 9,619 and tonnage 22·5 million. The ports have been kept busy and are in excellent shape financially. They have been able to undertake intensive and much needed extensions and rebuilding, and the replacing of worn-out and obsolete cargo handling equipment—Lisbon, July 30.

SOUTH AFRICA

Locomotives—More than 300 new steam locomotives and 2,000 trucks will be placed in service by the South African Railways in the next 18 months, provided deliveries do not fall behind schedule.

During the past two years 7,358 new trucks, 434 passenger coaches, and 12 steam locomotives were put into operation. Tenders have also been invited for the supply of 3,730 bogies, wagons and trucks, and 150 petrol tankers—Johannesburg, July 18.

SYRIA

Oil—The Iraqi Petroleum Company's new pipeline from Kirkuk has started loading oil into tankers at the port of Banias. While awaiting shipment, the oil is stored in tanks which hold seven million gallons each. With the opening of this new pipeline, the company's monthly crude oil production figure has exceeded one million tons for the first time in its 25-year history—Cairo, July 10.

UNITED KINGDOM

Ships—Ships under construction in the United Kingdom at the end of the half-year numbered 343, of 2,076,241 tons gross. This was 194,380 tons less than at the end of March. The fall can be partly traced to completion of an unusually large amount of tonnage following a low total for the previous three months and the beginning of a relatively small amount of construction in the second quarter. Another possible reason is the steel shortage.

Lloyd's Register reports that 30·2 per cent of the tonnage at present being built in the United Kingdom is for overseas account. Oil tankers represent 54·4 per cent of the total—London, July 23.

Improve Ports—Port operations panels, composed of representatives of port authorities, shipowners, port employers and labour, have been established by the Ministry of Transport at some of the chief U.K. ports. Their object: to promote the most effective use of physical resources and dock labour. Port users' committees have also been set up by trade organizations. As a result, delays of ships or cargoes may be reduced—London, July 15.

Cotton Textiles for Jamaica

. . . a report on possibilities, consumer tastes and purchasing power in this export market.

KINGSTON—Most of the population of Jamaica (approximately 1½ million) have a rather low standard of living. For the textile exporter, therefore, this is primarily a price market. The annual consumption of cotton piece goods varies between 18 and 25 million yards, depending upon price trends. During the past four years India, Japan, and the United Kingdom have been the main sources of supply. Imports from hard currency countries have been barred and only those Canadian exporters entitled to allocations under the B.W.I. Trade Liberalization Plan have been able to take advantage of this token business.

India has, until recently, supplied Jamaica with three main items: cheap yarn-dyed trousering, low-grade yarn-dyed shirtings, and gray sheetings. In the past 15 months, however, India has rigidly restricted the export of cotton piece goods and has also placed a heavy export tax on these products in an endeavour to force Indian mills to supply the home market. About May, it is understood, the export restrictions were lifted but the export tax still remains in force.

Competition Severe

Japan has sold to Jamaica, from 1948 until February of this year, large quantities of cheap cotton textiles such as printed dress materials, printed shirtings, dyed sheetings, cambrics and poplins, and woven, yarn-dyed ginghams. Jamaica discontinued exports from this source in February and probably no licences will be granted for imports from Japan for the remainder of 1952. After that, the licensing policy on Japanese goods is uncertain, but the Lancashire cotton piece goods manufacturers are making every effort to reduce drastically imports into the colonies of Japanese cotton piece goods.

From the United Kingdom, Jamaica buys better types of cotton fabrics, dyed khaki drills, poplins, white calicos, cambrics, etc. Prices have been abnormally high until recently and as a result purchases from the United Kingdom for the 18-month period before February of this year showed a considerable decline.

The cotton piece goods bought by Jamaica are like those imported by most low-priced areas with a similar or even a temperate climate. Listed briefly below are the types imported, showing widths and weights for the guidance of exporters.

Trouserings—28-29" blue denims 2.00, 2.30, 2.60 yards to the pound. The usual American-type dark blue shade is preferred. 28-29" woven yarn-dyed trouserings in the following weights: 2.00, 2.20, 2.60, 3.00 and

3.25 yards to the pound. This includes cotton coverts, used in the heavier weights for trouserings and in the lighter weights for shirtings.

In these cloths the market prefers 28-29" and the wider trouserings are not used. Stripes are particularly popular and also the darker shades in trouserings and shirtings of the coarse variety. These are used by the labourers and plantation workers.

Dyed and Bleached Florentine Drills (English khaki drill)—This sells in white, khaki and putty, with the old shade of "red" khaki preferred. It is used mainly in 8-oz. nominal but there is also a demand for khaki jean suitable for shirting. Both shirting and trousering should be guaranteed fast colours and while trousering is required in a 28" material, it is possible to sell a khaki shirting in a 36". The 28", however, is still the most popular.

Chambrays—Blue chambray is a staple seller here in 36" width, weights varying from 3.20 to 4.00 yards to the pound, packed flat fold. It is used mainly by the field workers for shirts. Sanforizing is not needed because that portion of the population cannot afford this luxury. The other types of chambrays for women's dress materials in the various colours also find a market.

*Yarn-Dyed Gingham*s—A considerable quantity of these are used in Jamaica in two widths: 27-28" and 36", mainly as dress materials. Bright, large checks are the thing, and in an extensive range. The 36" gingham vary in weight from 4.00 to 5.00 yards a pound and the 28" gingham from 4.50 to as low as 6.00 yards a pound. It is estimated that three to four million yards of this item alone can be sold if the patterns are suitable and the price right.

Print Goods—A considerable quantity of printed cottons are sold, mainly as women's and children's dress materials. Here again, the preferred widths are 27-28" and 36", although it is possible to sell what the trade considers "bastard widths", such as 25" splits, 31-32". Popular patterns are usually bright florals or checks and the annual sale reaches about four million yards. There is some market for printed shirtings in "mild" stripes in shades of grey, blue and tan, but no demand for the other bright shades such as green. The 36" width is preferred.

Dyed Goods—The usual types required are dyed sheetings, known here as "imitation linen", in bright pastel shades and navy, red, olive green and wine. The last three colours are used for making uniforms and the remainder for the usual purposes. Preferred width is 36" although it is possible to sell narrower widths. Weights should vary from 3.75—5 yards a pound. The cheaper type is acceptable in the yard-fold makeup and the better class merchandise doubled and rolled.

Bleached and Dyed Cambrics and Poplins—The market requires fairly substantial quantities of bleached and dyed broadcloth or poplin, usually in shirting shades of blue, tan, grey and white. Customers also buy substantial quantities of cambrics but prefer pastel shades. Both these are acceptable in 36" widths but cambrics can also be sold in the 28-31" widths and poplins in the 31" width.

Calico—There is a preference for the special type of finish in white calico which the market is accustomed to receiving from the Lancashire suppliers. This fabric sells in widths varying from 28"-36" and is usually offered in qualities varying from 3.75—6 yards to the pound.

Flannelette—There is some sale in Jamaica for bleached and dyed and for woven striped flannelette. The bleached and dyed sells largely in the 28" cloth, in pastel shades and white. The woven stripe sells in pyjama patterns, in both 28" and 36" widths.

Tickings—A considerable quantity of tickings is sold both in coloured stripes and the black-and-white stripes. Weights vary considerably and the widths required are 28-29" and 36". Sanforizing is considered a luxury for which the customer is not prepared to pay.

Diaper Cloth—The only diaper cloth selling in this market is the bleached Birdseye type in widths of 26", 28" and 31". Sales are fairly good.

Fancy Cottons—Small quantities of fine count cotton fabrics, such as lawns, piques, muslins and the like, are required, in the 36" width and in pastel shades only.

Awning Cloth—Main use of this is for making awnings and for this purpose the 30" width is most desirable. But there is also a fairly good sale for the narrower width, used for covering deck chairs and verandah furniture. This fabric should be offered in woven stripes and solid colours, but these must be guaranteed vat colours. There is also a fairly good sale



—Aluminum Fiduciaries Ltd.

Labourers and plantation workers in Jamaica constitute a good market for the cheaper types of cotton goods, such as cotton coverts, chambrays, etc. So far, textiles like these have not been produced domestically.

for bleached and unbleached cotton duck in varying weights. The bleached type is used to make up cots and smaller items and the unbleached by the fishing trade.

Gray and Bleached Bed Sheetings—These sheetings are required in the following widths: 54-56", 70-73", 80-82" and 90-92", and there is a fair sale for both the unbleached and bleached types.

Remnants—Considerable quantities of remnants (piece goods) are sold in Jamaica in lengths varying from $\frac{3}{8}$ yd., $\frac{1}{2}$ yd., $\frac{1}{2}/1\frac{1}{2}$ yd. and in some instances in cuts under a half-yard. Very heavy quantities of "pound" goods are sold annually and almost any type of cotton remnant finds a market.

"Experimental Cloth"—This is somewhat difficult to obtain at present but is required in large quantities for cleaning printing machines. It is used a number of times and then sold by the yard or by the pound and is accepted by the trade in any width and any weight. However, it must be of proper strength because the trader will not accept "experimental" cloth that has gone "soft" or "tender".

Manufactured Goods—As far as made-up goods are concerned, there is a market in Jamaica for the usual types of ready-made sheets, pillow cases, blankets, towels, etc.

Jamaica's Import Duties

		Rates	
		British Preferential	General
Cotton Piece Goods	1. Gray (unbleached)	10 per cent	20 per cent
	2. Bleached, dyed and manufactured of		
	woven dyed yarns	15 " "	30 " "

added to the above is a specific duty as follows:

Not exceeding 1/6 c.i.f. per lineal yard	1d. per yd.
Exceeding 1/6 and not exceeding 3/- per lineal yard	2d. " "
Exceeding 3/- and not exceeding 10/- per lineal yard	4d. " "
Exceeding 10/- per lineal yard	1/- " "

The specific duty applies to both the preferential and general rates and is the same for both categories.

Remnants (Fents)—The duty applicable on remnants is 15 per cent preferential and 30 per cent general, and the specific duty applies only on remnants exceeding five yards long.

All duty rates are on the c.i.f. values.

Local Mill Established

A local textile mill affiliated with the Ariguanabo Co. of Cuba has been operating for nearly a year. This mill has manufactured during that period gray-dyed and bleached sheetings only. It is expected that later it will make other types of cloth for dyeing, such as cambrics, poplins, etc., and it is possible that it may eventually enter the printing field. This

mill is capitalized at £1,000,000 and is said to have a normal production of approximately 10 to 12 million yards a year.

Because of this, the import of gray sheeting in widths up to 36" is practically impossible. Overseas manufacturers have been unable to offer at prices low enough to offset the protection given this mill through import duties. This also applies to certain types of dyed sheetings, but not the wider widths of bleached and gray bed sheeting which the mill does not make.

It is difficult to estimate to what extent this mill will affect imports in the future, but its equipment is said to be very modern and the parent company has supplied an efficient technical staff.

—M. B. PALMER
Canadian Government Trade Commissioner.

Canada's Trade with Israel

ATHENS—Canada always enjoyed a favourable balance of trade with Palestine under the British mandate and after Israel was founded in May 1948, this welcome state of affairs continued. In the four years since the new Israeli nation was born, our imports from and our exports to that country have both increased substantially.

Canada's exports to Palestine in prewar years varied from a low of \$32,840 in 1932 to a high of \$291,265 in 1937. They rose sharply during and immediately following World War II, as a result of the war effort, the presence of Allied troops in the Middle East, and the link-up between the sterling area and the dollar pool and reached the record total of \$8,473,223 in 1947, the last year of the British mandate. After the establishment of the State of Israel, Canadian exports to that country went on growing. The table below, with DBS figures, gives the picture:

Canada's Trade with Palestine and Israel

Year	Canadian Exports	Canadian Imports
Palestine		
1932	\$ 32,840	\$ 54,164
1937	291,265	21,334
1938	163,724	131,353
1939	229,981	42,677
1944	2,169,196	604,782
1946	3,562,263	499,557
1947	8,473,223	31,381
Israel		
1948 (July-Dec.)	4,200,000	23,705
1949	12,709,384	504,447
1950	12,125,608	489,925
1951 (Jan.-Oct.)	9,028,111	821,745
1951	11,815,756 (Jan.-Dec.)	857,948 (Jan.-Nov.)

In 1949, Canada was Israel's fifth most important supplier, furnishing four per cent of the total imports. The following year, she moved up to fourth place, with 4·2 per cent of total imports. The period January-November 1951, however, saw this trend reversed. Canada dropped to seventh place, supplying only 2·7 per cent of Israel's needs.

Though the Dominion Bureau of Statistics figures for 1949 and 1950 closely approximate those of the Israel Ministry of Finance, the Canadian figures for the period January-November 1951 are much higher than the Israeli figures for the same period—Can. \$10,327,083. This, taken at the average rate of exchange for the period under review of Can. \$1.05 to the U.S. dollar and Israel £1 to U.S. \$2.80 (official), gives a total of £13,511,593, or approximately 3·3 per cent of total imports. Canada's substantial exports to Israel are all the more remarkable because Israel is extremely short of hard currency for purchasing from the dollar area. A large and well-established Jewish community in Canada, whose assistance to Israel has been notable, may be a partial explanation.

The most important items in Canada's export trade with Israel are wheat and flour, lumber of all kinds, canned meats, agricultural machinery, milk powder, aluminum in all forms, antibiotics, plastic raw materials, newsprint, tires, and ships.

The Import Picture

Though they are still comparatively small in relation to Israel's imports of Canadian goods, Canada's purchase of Israeli products are increasing as compared with pre and postwar trade with Palestine. From a low of Can. \$21,334 in 1937, exports reached Can. \$604,782 in 1944. For the period January-November 1951, they totalled Can. \$857,948, as against Can. \$489,925 in 1950 and only Can. \$23,705 for the last six months of 1948, following the establishment of the State of Israel. None the less, according to Israeli statistics Canada ranks seventh in the overall export trade of Israel taking less than 1·5 per cent of total exports in 1949, and 1·3 per cent in 1950 (eleventh in order of importance). In the first eleven months of 1951, however, Canada moved up to ninth place, with slightly less than two per cent of total exports from Israel to that date.

Diamonds continue to be the most important item in Israel's trade with Canada. A fair demand persists for Israeli wines and confectionery. The most significant change in the trade pattern, however, is the sharp rise in the sale of Israel-made textile products on the Canadian market. At the 1951 Canadian International Trade Fair, Israel exhibited under the textile and jewellery classifications and was reportedly well pleased with the results. There is every possibility that the sale on the Canadian market of Israeli products in these two categories will increase, provided prices can be kept competitive. High prices are the main difficulty in selling Israeli products at the moment and until production costs can be lowered, this stumbling-block will remain. In addition, the present difficulties of the Canadian textile manufacturers may adversely affect Israel's exports to Canada in that category.

The trend, however, is towards expanding Israeli sales to Canada and Israeli authorities welcome this development, knowing that it will help to offset a growing adverse balance of trade.

—T. J. MONTY

Commercial Secretary for Canada.

Commodity Notes

AUSTRALIA

Cars and Tractors—It has been announced that plans have been completed for the formation of a £A5 million company to make motor cars, commercial vehicles and tractors in Australia.

The company, which will amalgamate the interests of Standard Cars Ltd., England, and the Standard Motor Co. Australia Ltd., will be called Standard Motor Products Ltd. and will manufacture Standard and Triumph cars and commercial vehicles in Australia. It will also undertake to make Ferguson tractors for Harry Ferguson Ltd., England—Melbourne, August 1.

BRAZIL

Tobacco—Brazil was the largest producer of tobacco in Latin America in 1950-51 with 98 million kilos, followed by Argentina with 34 million kilos—Rio de Janeiro, July 30.

CHILE

Chloromycetin—A United States firm, Parke, Davis & Co., has requested permission to import machinery and the necessary capital to establish a plant for the preparation of chloromycetin in Chile. As Chile already has under construction a plant for the preparation of penicillin and a proposal for a plant to make nicotidine is also under study, the country should become one of the principal South American producers of antibiotics—Santiago, July 25.

CUBA

Copper—Exports of copper and other minerals increased in January and February of this year to a total value of \$2·4 million, compared with \$1·4 million for the same period last year. Copper accounted for \$1·2 million, with manganese and chrome ores next in line—Havana, July 25.

SOUTH AFRICA

Sulphuric Acid—A large sulphuric acid plant is to be constructed by the Stilfontein Gold Mining Company to provide acid required by this and other uranium producers. Total cost of its development will be met by a loan underwritten jointly by the Import-Export Bank and the British Ministry of Supply, on a basis providing for the loan amortization from the proceeds of acid sales—Cape Town, July 4.

Crawfish—Pending results of investigations by the Marine Biological Laboratories to determine whether the existing system of control ensures conservation of the country's rock lobster resources, 1952 quotas for the industry have been set at 5,300,000 lbs. of canned rock lobster and 2,140,000 lbs. of rock lobster tails—Cape Town, July 4.

TAIWAN

Fertilizer—Taiwan is planning to expand its chemical fertilizer industry. At present, a government agency, the Taiwan Fertilizer Company, operates six plants which make ammonium sulphate, calcium cyanamide or super-phosphates. Production in 1951 totalled 105,430 tons of all types. Blue-prints call for enlarging the ammonium sulphate plant at Kaohsieng to increase its daily capacity from 20 to 200 tons. The idle aluminum plant at Hwalien is to be converted into a fertilizer factory, with an annual capacity of 80 thousand tons. At the same time, efforts will be made to increase production of coking coal in the Keelung and Taipeh districts to meet the large fuel needs. Production target for 1952 is 132 thousand tons—Hong Kong, June 27.

UNITED KINGDOM

Lead—Private trading in lead is to be restored in the United Kingdom, according to an announcement made by the Government. It is hoped to give effect to this decision on October 1. From the date of reversion, the private import of virgin lead will be permitted and the London Metal Exchange will re-open for transactions. Dollars will be made freely available for all legitimate metal exchange imports but action will be taken through the Bank of England to prevent the use of the lead market for deliberate evasion of exchange control regulations—London, July 30.

UNITED STATES

Plastics and Resins—A report issued by the United States Tariff Commission shows that in 1951 the output of all synthetic plastics and resin materials in the United States amounted to 2,431 million pounds, compared with 2,151 million pounds in 1950, the previous record. Sales in 1951 were 2,023 million pounds, valued at \$711 million, compared with 1,876 million pounds, valued at \$571 million, in 1950, an increase of eight per cent in quantity and 25 per cent in value—Washington, July 23.

Grain—United States grain and grain products exports totalled 664 million bushels during the 12 months July 1951-June 1952, according to estimates made July 19 by the U.S. Department of Agriculture. Exports during the same period of 1950-51 totalled 611 million bushels.

The 12-month 1951-52 totals consist of 470,191,000 equivalent bushels of wheat, flour, and macaroni, (compared with 363,823,000 in the like period of 1950-51), and 194,222,000 equivalent bushels of other grains and products (compared with 247,391,000). Other grains and products include corn, oats, grain sorghums, barley, rye, corn grits, hominy and meal, cornstarch and flour, oatmeal, and malt.

Fifty per cent, or 8,687,000 long tons, of the total estimated exports of all grains and grain products from the United States for the period July 1951-June 1952 went to European countries. Thirty-two per cent, or 5,432,000 long tons, of the total went to the Far East, principally to India and Japan, and eleven per cent, or 1,906,000 long tons, went to Central and South America, including Cuba—Washington, July 30.

Swiss Traders Feel the Pinch

The textile and chemical industries are feeling the drop in export sales but the outlook for the next few months seems slightly more hopeful.

BERNE—The world-wide slump in the textile industry, which Switzerland has not escaped, led delegations from the trade unions and workers from all the textile centres in Switzerland to stage a peaceful mass demonstration on Sunday, June 15, in front of the Federal Parliament Buildings in Berne. The demonstrators adopted a resolution urging the federal authorities to give special attention to Swiss textile exports in trade negotiations with other countries. They also called on the Swiss people, in purchasing textile goods, to give preference to the products of the national industry. This would increase the consumer demand which began to fall last summer.

The depression in the textile industry has also affected adversely the Swiss chemical industry, particularly the production of dyes and other materials used in textile mills. In other branches of Swiss industry, and especially building materials, conditions are still generally satisfactory. Orders for machinery placed by countries which are rearming since the beginning of 1952 have helped to raise the total value of Swiss exports slightly over the first half of 1951. However, exports are still considerably below those of the second half of last year.

Swiss imports have declined since the April 1951 peak and, though they remained at about the same level during March and April this year and rose slightly in May, it is impossible to forecast whether this rise will be maintained. Stocks accumulated during the period of rising prices after the outbreak of the war in Korea are being drawn upon and the ground gradually prepared for the time when the present unfavourable conditions come to an end. Meanwhile, the painful readjustment between wages and the rise in the cost of living which Switzerland experienced during 1951 (although the latter has been checked since the beginning of the present year) leaves this country faced with a number of important problems.

Industry

Industrial output, considered as a whole, has decreased but employment in Switzerland has nevertheless remained high. The number of workers fell by 0.4 per cent during the first quarter of 1952, compared with the preceding quarter, but it is still about five per cent above the March 1951 level and approximately 38 per cent above the 1938 average. The coefficient of activity, based on estimates supplied by the heads of industry (good=150, satisfactory=100, bad=50) fell to 124 at the end of the first quarter of 1952. This compared with 133 for the last quarter of

1951 and 138 for the second quarter of the same year, when the degree of activity reached its highest level, following the low of 105 established at the end of the first quarter of 1950.

Income and Budget

The net national income for 1951 has been estimated at 19,500 million francs. The following table compares this with the figures for 1950 and 1949.

	1938	1949	1950	1951
		(million francs)		
Wages and salaries	4,200	10,500	10,800	11,700
Proprietors' income	1,900	3,600	3,800	4,000
Net capital income	2,600	3,300	3,500	3,800
Total.....	8,700	17,400	18,100	19,500

The federal budget estimates for 1952 provided for receipts and expenditures as shown in the following table:

	Actual		Estimates	
	1950	1951	1951	1952
	(million francs)			
Financial Budget				
Expenditures	1,740	1,889	1,901	2,092
Receipts	2,035	1,812	1,577	1,858
Balance	+ 295	— 77	— 324	— 234
Special Budget	— 124	+ 87	+ 117	+ 127
Surplus	171	10		
Deficit			207	107

Whereas a deficit of 207 million francs had been budgeted for in 1951, the actual account showed a surplus of 10 million because receipts from customs duties were higher than expected. Moreover, credits approved were only partly used. Accounts for 1950 closed with a surplus of 171 million francs.

Wholesale Price Index

The Swiss index of wholesale prices (August 1939=100) stood at 222.4 at the end of March 1952, down 2.3 per cent compared with the figure for December 1951 and 3.8 per cent compared with the end of March 1951. It was, however, 13.4 per cent higher than at the end of June 1950. In April 1952 the general index showed a further drop of 0.7 per cent below the March figure and in May it went down to 220. Chief cause of the decrease was mainly lower prices in the raw materials and auxiliary products group, principally cotton, wool, hides and leather, copper, lead and zinc.

Cost of Living

The cost-of-living index decreased by 0.4 per cent to 170.1 at the end of April 1952, compared with 170.8 at the end of March, mainly because the cost of clothing fell. At the end of May, however, it again touched 170.8. The upward trend which continued throughout 1951 was checked at the beginning of this year and has changed only slightly since January.

The peak in imports reached in April 1951, after a twelve-month rise, was followed by a drop until September, when the rise was resumed. A new but lower peak was reached in January last. Since then, imports have fallen off. Exports so far this year have exceeded those of a year ago, but fallen below those of the second half of 1951. The trend is shown in the following table:

	Imports		Exports	
	(million francs)			
	1951	1952	1951	1952
January	498·9	494·5	325·0	344·9
February	499·6	458·4	357·6	382·9
March	534·4	450·4	378·6	413·3
April	560·8	450·1	398·5	353·2
May	524·4	472·3	383·6	406·0
June	521·5		401·5	
September	420·8		426·0	
December	469·0		428·0	

During the first five months of this year, imports totalled 2,325·9 million francs and exports 1,900·4 million. Compared with the corresponding period of 1951, imports decreased by 292·2 million francs but exports rose by 56·7 million.

An examination of imports by countries during the period January-May 1952 and the corresponding periods of 1951 and 1950 reveals that the share of the ten principal suppliers in Switzerland's total imports has risen from 62 per cent in 1950 to 68 per cent in 1951, and to 77 per cent in 1952. The most impressive gain has been made by Germany, which may be expected shortly to succeed the U.S. in first place among the supplying countries.

	First five months		
	1950	1951	1952
	(million francs)		
United States	225·4	411·1	423·5
Germany	147·5	344·7	416·3
France ..	155·6	292·4	218·1
Italy	116·8	163·3	164·5
Benelux	67·0	176·1	147·7
United Kingdom	142·5	194·1	144·4
Netherlands	44·4	81·1	90·3
Canada	34·4	53·1	83·4
Sweden	25·0	38·2	60·6
Austria	18·5	40·4	43·9
Total.....	977·1	1,794·5	1,792·7
All countries	1,457·2	2,618·1	2,325·9

The table shows that Canada has been able to keep eighth place by increasing its sales to Switzerland by 53 per cent over 1951 and by 142 per cent over 1950.

—YVES LAMONTAGNE
Commercial Counsellor for Canada.

Visit to Indonesia

D. S. Armstrong, Canadian Government Trade Commissioner at Singapore, expects to pay brief visits to Djakarta and to Surabaya, Indonesia, beginning on September 14th. Canadian businessmen interested in this area should get in touch directly with Mr. Armstrong before that date. (See address in Foreign Trade Service Abroad directory.)

Trade and Tariff Regulations

British Resale of Dollar Raw Materials to Europe

The Bank of England announced on August 5, 1952, that it is prepared to permit United Kingdom residents to purchase raw materials in Canada, the United States or other dollar countries, for sterling or local currencies, provided these goods are resold in countries which are members of the European Payments Union.

Those who wish to import such goods into the United Kingdom are advised to obtain from the Bank of England an approval in principle before firm contracts are drawn up. Applicants should submit full details to the Bank of England through their United Kingdom bankers.

Belgium Establishes Import Quotas for Certain Dollar Goods

Brussels, August 4—FTS—Certain products may now be imported into Belgium from countries in the dollar area, including Canada, under a quota system, by virtue of a ruling of the joint Belgo-Luxembourg Administrative Commission. The import into Belgium of the items affected has been restricted since September 1951. It is understood that the monthly quotas from July 1 to December 31, 1952, will amount to 33 per cent of the average monthly imports during the first six months of 1951. It is stressed that the new measure affects *only* those Canadian firms which have been exporting the affected items to Belgium during the first half of 1951. Therefore it does not open up any new possibilities for export trade.

The following goods may be imported into Belgium under the new quota system: hard candy; smoking tobacco and cigarettes; unsensitized rolls or hands for cinematography and photography; sensitized unexposed cinematograph films; sensitized films and plates for photography; photographic paper and cards; chemical products for photography put up for retail sale.

Coal-tar dyes; natural indigo; unprepared mineral colours; printing and similar inks; prepared oil paints other than white lead; prepared paints not ground in oil; varnishes; pencils; boot polishes, encaustics, creams, pastes and similar preparations; patent leather or gilt; silvered or bronzed leather; etuis, jewel boxes and similar articles of board or paper.

Certain fabrics of artificial silk and cotton; fabrics and felts covered with a cellulose or similar coating; linoleum, lincrusta and similar articles; rubbered fabrics and felts; knitted underwear of pure artificial silk or artificial textile fibres; stockings and socks of pure or mixed wool; knitted underwear, socks and stockings of cotton or other vegetable textile materials; clothing and underwear (other than knitted) for men and women; corsets, corset-belts, bust-bodices, braces, suspenders and similar articles; certain sewn or made-up articles of tissues, felt or fabric.

Rubber footwear; tennis shoes; building bricks; paving slabs, pipes and other wares of asphalt or similar materials; blown or pressed glassware; alloyed copper solder in rods, sticks, plates, pellets or powder;

safety razors and detached parts thereof; articles for adornment or personal use, and fancy jewellery of base metals, gilt, silvered or plated with precious metals, even with accessories or parts of other materials.

Air pumps, compressors, ventilators, blowing machinery and other similar machines; machinery and apparatus for handling, lifting, loading, extracting and excavating; refrigerators and other machines for the production of cold; machines and apparatus for washing, bleaching, dyeing or cleaning textiles; typewriters, calculating and accounting machines, cash registers and parts thereof; office machines and apparatus; taps, cocks and valves and all constituent parts and apparatus for regulating the passage of fluids through conduits.

Small electro-mechanic tools and electro-mechanical household appliances, each not exceeding 15 kilograms (about 33 pounds) in weight; electric ranges and other electrothermic apparatus; fluorescent tubes for electric lighting; apparatus for regulating, cutting off, protecting and distributing electric current, and also unspecified electrotechnical articles, components and detached parts of electric machinery and apparatus.

Lenses for spectacles and other corrective glasses, worked, unmounted; cinematograph apparatus and parts; gramophones and similar talking machines, and detached parts thereof; gramophone records, plates, cylinders, bands and rolls for automatically played instruments and apparatus.

Toys other than dolls' or children's carriages and vehicles; parlour games; and fountain pens, stylographic pens, propelling pencils, and their detached parts.

Ireland Amends Customs Duties

Dublin, July 30—FTS—The Government of the Republic of Ireland has issued an Order restoring the preferential rate of import duty on textile floor coverings as shown at Tariff Ref. 90/1 to 40 per cent ad valorem, effective from July 15. Since 1943, preferential rate had been chargeable at 20 per cent ad valorem. The full rate of 60 per cent ad valorem remains unchanged.

Another Order, effective July 29, increases the preferential rate on leather, comprising all leather other than bridle leather, crupp leather, hogskin leather, reptile skin leather, chamois leather, and leather commonly known as chamois leather, Tariff Ref. 137, to 50 per cent ad valorem (formerly 25 per cent) and the full rate to 75 per cent (formerly 37½ per cent). The minimum duties of 6d. per pound preferential and 9d. full rate remain unchanged.

The preferential rates, in each case, are accorded to goods manufactured in and consigned from a part of the British Commonwealth of Nations.

An order has also been issued terminating as from July 29 the suspension of duty on shaped soles, heels, uppers and shaped parts of soles, heels or uppers, made wholly or mainly of leather and skin, or either of them, Tariff Ref. 30. Such articles are again chargeable with duty of 60 per cent ad valorem under the preferential and full rates.

A duty-free licensing provision is attached to these Orders.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. H. Palmer, Consul General of Canada and Trade Commissioner in Manila, Philippines, began a tour of Canada on June 15; will visit the following cities in the next six weeks:

Montreal—Sept. 8-19

Ottawa—Sept. 20-23

Toronto—Sept. 24-Oct. 1

F. W. Fraser, formerly Commercial Counsellor for Canada in Melbourne, is continuing his Canadian tour and will visit the following cities during September and October:

Halifax—Sept. 12

Toronto—Sept. 22-29

Saint John—Sept. 15

Hamilton—Sept. 30

Quebec—Sept. 18-19

Ottawa—Oct. 2-4

Montreal and vicinity—Oct. 6-16

Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

R. F. Renwick, formerly Assistant Commercial Secretary in Bombay, has been appointed Assistant Commercial Secretary in Tokyo. Before sailing for his new post he will complete his Canadian tour in Vancouver, Sept. 8-12.

Businessmen may get in touch with these officers at Boards of Trade in Halifax, Saint John, Montreal and Toronto; Chambers of Commerce in Quebec and Hamilton; the Dept. of Industry and Development (295 Queen St.) in Fredericton; and the Dept. of Trade and Commerce (355 Burrard St.) in Vancouver.

FISHERIES OFFICER RETIRES

Edgar Templeman, Canadian Government Trade Commissioner (Fisheries) at San Juan, Puerto Rico, since October 1, 1950, will retire from the Service on September 12. The office at San Juan will be closed and responsibility for that area will be taken over by the new trade office to be opened at Ciudad Trujillo in the Dominican Republic.

Mr. Templeman was born at Bonavista, Newfoundland, and for many years was employed with a Newfoundland fishery products firm which shipped to markets in Europe and the West Indies. He joined the Newfoundland Fisheries Board in 1938 and represented it in Italy, Greece, Nigeria, the Gold Coast and Puerto Rico. Before joining the Canadian Trade Commissioner Service in 1950, he represented the Department of Fisheries in Puerto Rico.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay, Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	C. M. Croft, Commercial Counsellor for Canada	City Mutual Life Building, 60 Hunter Street, SYDNEY	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351
Australia (Victoria, South Australia, Western Australia, Tasmania)	R. W. Blake, Acting Commercial Secretary for Canada	83 William Street, MELBOURNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Australia	R. W. Blake, Agricultural Secretary for Canada	83 William Street, MELBOURNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boîte Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	Acting Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
Brazil	C. R. Gallow, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140
Brazil	C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
Ceylon	Paul Sykes, Canadian Government Trade Commissioner	Galle Face Hotel, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner	Calle 19, No. 6-39, BOGOTA	<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
Cuba Dominican Republic, Haiti, Puerto Rico	A. W. Evans, Commercial Secretary	Canadian Embassy, Avenida de las Misiones 17, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> M-9839
Egypt Aden, Anglo-Egyptian Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Iraq, Lebanon, Saudi Arabia, Syria	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN † <i>Tel.:</i> 23110
France Algeria, French Morocco, French West Africa, Tunisia	J. P. Manion, Commercial Counsellor for Canada	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPera 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor	Canadian Embassy, 22 Zitelmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES OFFICE TELEPHONE
Germany	Wm. Van Vliet, Agricultural Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927
Greece Israel	T. J. Monty, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 72-853
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner	28, 5a Avenida Sud, GUATEMALA CITY	<i>Mail:</i> P.O. Box 400 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5590
Hong Kong French Indo-China, South China, Macau, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	<i>Mail:</i> P.O. Box 126 <i>Cable:</i> CANADIAN <i>Tel.:</i> 28336
India	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	<i>Mail:</i> P.O. Box 11 <i>Cable:</i> CANADIAN <i>Tel.:</i> 40191
India Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 20672
Ireland	H. L. E. Priestman, Commercial Secretary for Canada	66 Upper O'Connell St., DUBLIN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 44251
Italy Libya, Malta, Yugoslavia	S. G. MacDonald, Commercial Counsellor	Canadian Embassy, Via Saverio Mercadante 15, ROME	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 80-842
Jamaica Bahamas, British Honduras Jamaica	M. B. Palmer, Canadian Government Trade Commissioner E. M. Gosse, Canadian Trade Commissioner (Fisheries)	Canadian Bank of Commerce Chambers, KINGSTON Canadian Bank of Commerce Chambers, KINGSTON	<i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2858 <i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2858
Japan Korea	J. C. Britton, Commercial Secretary	Canadian Embassy, TOKYO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 48-4116
Mexico	M. T. Stewart, Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D.F.	<i>Mail:</i> Apartado 126-Bis <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-27-90
Netherlands	J. A. Langley, Commercial Counsellor	Canadian Embassy, Sophialaan 1-A, THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
Netherlands Belgium, Denmark, Luxembourg	Acting Agricultural Secretary	Canadian Embassy, Sophialaan 1-A., THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
New Zealand Fiji, Western Samoa	P. V. McLane, Commercial Counsellor	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	<i>Mail:</i> P.O. Box 1660 <i>Cable:</i> CANADIAN <i>Tel.:</i> 70-644
Norway Denmark, Greenland	J. L. Mutter, Commercial Secretary	Canadian Legation, Fridtjof Nansens Plass 5, OSLO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-30-80
Pakistan Afghanistan, Iran	A. P. Bissonnet, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	<i>Mail:</i> P.O. Box 531 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5826
Peru Bolivia	Acting Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	<i>Mail:</i> Casilla 1212 <i>Cable:</i> CANADIAN <i>Tel.:</i> 39150

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES OFFICE TELEPHONE
Philippines	F. H. Palmer, Consul General of Canada and Trade Commissioner	Tuason Building, 8-12 Escolta, Binondo, MANILA	<i>Mail:</i> P.O. Box 1825 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-33-35
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BAFFLED?

by the Export Labyrinth

Exporting isn't too easy these days. Canadian exporters face a maze of trade barriers, currency restrictions and import



Hard-currency markets—where there is relatively little in the way of import restrictions—are few and far between. Venezuela is one of them.

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AUGUST 30, 1952



OTTAWA
CANADA



Italy: the Business Background (page 2)



foreign trade

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Italy: the Business Background

Despite continued unemployment and a fall in exports, the first six months of 1952 saw many favourable economic factors at work.

ROME—In the first six months of 1952, Italy's trade problems were heightened by new import restrictions in many of her important markets—particularly the United Kingdom, France, and Australia. Some industries—textiles and producers of other consumption goods, for example—are on short time. Others are waiting for offshore procurement orders, which have been forthcoming only indirectly and on a small scale.

Though the production index for the first quarter was good, its strength came largely from novelties and non-staple lines. Weaknesses showed up in the established and traditional industries. The mining industry's index, for example, (March 1952=139) was bolstered by the rapidly growing output of methane (index=8551) and the engineering index (134) by the expanding manufacture of calculating machines (1291).

Favourable Factors

The Stock Exchange, sluggish and probably sceptical about the dividend outlook for the current year, has capitalized its favourite equities on a 10 per cent basis.

Despite these apparently negative trends, or hesitations, there is no real indication of pessimism and there are many favourable economic factors. The grain crops are shaping up well: in fact, government authorities are promising that purchases from abroad will be reduced appreciably. The draining of the Po Valley flooded area was completed much sooner than expected and this has meant timely spring sowing on land seriously devastated last winter. The tourist season began well and has continued at record-breaking levels. In fact, it will probably, by the end of the year, be a postwar high. Electricity and fuel supplies are abundant. Import costs are tending to fall.

In the financial field, the position of the Treasury and of the Bank of Italy remains sound and strong. The 1952-1953 Budget will show a somewhat higher deficit than last year, but the fiscal reform policy introduced by the Finance Ministry last year is beginning to bear fruit. Expenditures are expanding, but the cash position is easier than it has been for many years. Since July 1950, the Treasury's account with the Bank of Italy has shown a consistent credit balance; since January last it has been at least at a level of 120,000 million lire. On May 10th the interest rate on ordinary treasury bills was, for the first time since 1949, lowered by $\frac{1}{2}$ per cent, with the object of directing more money into private enterprise. It is hoped

that this measure will prove effective and a fillip to trade. If it does, other government financial measures with the same avowed purpose will follow in the forthcoming weeks.

The demand for banking accommodation is no longer as keen as formerly and notwithstanding higher inventories, trade and industry are showing a satisfactory liquidity.

Figures on savings give an impression of solidity and seem to justify the belief that a business revival can be financed without inflation. Nevertheless, as there are heavy drains on the Italian Treasury (especially the defence program) and a continuing pressure on commodity prices, the financial position still requires close scrutiny.

Unemployment Rampant

Labour troubles, the chronic Italian problem, continue. Short strikes have again occurred and the overall national unemployment situation remains serious. A painful aspect of the problem is indicated by a recent report of the Central Statistical Institute. Half of the jobless in the provinces of Milan, Pisa and Naples, and one-third of those in Sicily, have never been employed. As a result, they are untrained and unqualified for any useful trade or work. More than 300 thousand potential new members of the labour force become available each year and are not provided for either by emigration or increased production.

The lower percentage for Sicily does not suggest that conditions on the island are better. In that area, no less than 44·3 per cent of those never employed have had university or high school education; in the north, the percentage is only 18·3 per cent. In other words, unemployment is



A view of the Olivetti factory, at Ivrea, northern Italy, makers of typewriters, calculating machines, etc. Their excellent production record helped to bolster Italy's declining exports during the first half of 1952.

rampant not only among the working classes, either agricultural or industrial, but also (and more particularly in the middle classes) among intellectuals and graduates.

During the winter months, the unemployment figure remains steadily above two million despite policies whereby government and industry alike create additional positions, resulting frequently in two, three or even four persons being assigned to one job. An extensive program of public works for large-scale irrigation has been put into effect. Another agricultural development project being seriously considered would be financed by a 4 per cent levy on salaries and wages. These two schemes are aimed at remedying the outstanding weakness of the Italian economy—the disequilibrium between the north and south, between industrial and agricultural development. This problem is continually being studied.

Foreign Trade

Imports into Italy during the first half of the year indicate a considerable overall increase for the year as compared with 1951. This applies particularly to raw materials, some finished goods, machinery and other equipment, solid and liquid fuels, iron ore, rubber, and textile fibres, including textile cellulose. Prices in these classifications have been generally lower than in 1951. Greater quantities of wheat had to be imported because of last year's poor crop and Canada benefited materially.

In the first four months of the year, imports cost Italy 16.3 per cent more than in the corresponding period last year. Allowing for sagging prices, volume has increased by an estimated 20 per cent.

Exports, however, have been dropping ever since September 1951 and it is becoming more difficult to maintain 1951 levels. This is particularly true in the textile industry which has been losing ground fast. It also applies, in a lesser degree, to the motor car, sulphur, marble and some specialized machinery industries, as well as other traditional Italian specialties. Chemicals and other fertilizers, rice and various other food products have, however, reached higher levels than in 1951. On the whole, Italian exports have contracted by slightly over 4 per cent.

The situation has had a marked effect on the balance of payments position. This was adverse to the extent of 187,600 million lire at the end of April, compared with 96,700 million at the end of the first four months of 1951. This deficit is not equally spread over the various currency areas. Within EPU Italy still has a credit, but a smaller one than at the end of 1951. The deficit with the sterling area can still be partly met out of old sterling balances. In the dollar area, the deficit is greater than at the end of 1951. The holdings of foreign currencies by the Italian Foreign Exchange Control Board, despite these situations, have been reduced by less than 1 per cent. While it might appear that losses have fallen on dollar reserves on the market, there does not seem to be any appreciable change in the returns to date. For example, on the free market the dollar is only 4 per cent above the official rate, somewhat less than a year ago.

Bearing in mind psychological and other factors, the confidence in the lira remains as high as at the end of the same period in 1951.

—SHIRLEY G. MACDONALD
Commercial Counsellor for Canada.

Pin-Pointing Pakistan's Resources

Canadian airmen, geologists and technicians will undertake a four-year aerial and geological survey of Pakistan, as part of Canada's share in the Colombo Plan.

IN November, twenty Canadians, some of them accompanied by their families, and two aircraft—a B-17 and a Lockheed-Hudson—will arrive in Pakistan. They constitute the vanguard of some 100 Canadians who will, over the next four years, carry out an important assignment as part of our contribution to the Colombo Plan.

Aerial photographers, laboratory technicians, photogrammetrists, “mosaickers”, geologists—all these highly trained people will co-operate in preparing a detailed inventory of Pakistan's natural resources. When it is presented to the Pakistan Government about July 1956, it will serve as the blueprint for future development.

It seems appropriate that Canada should undertake this inventory. Studying and mapping our own under-developed areas has given Photographic Survey Corporation Ltd., the company which has been awarded the contract, the know-how to tackle this big job. In the last few years, it has done extensive mapping and geological surveys for the Newfoundland Government and at the moment is mapping the whole Province of Alberta from the air. Working in a foreign country isn't new to it, either; it has carried out assignments in Central and South America and in the West Indies.

Airmen and Geologists

But this is one of the biggest jobs it has tackled and calls for co-ordinating the efforts of several hundred people, about 100 of them working in Pakistan and the others here in Canada. Step one is taking the pictures. Working along carefully plotted flight lines, crews of the two aircraft will photograph nearly 160,800 square miles of Pakistan. Each day's prints will be developed in miniature in a laboratory set up in Quetta; will be checked for accuracy and coverage of the area. Then the film goes to Toronto for more detailed processing.

Working on the Ground

At this point, the geologists take over. They study the prints and mark on them the geological structures which they find interesting. The “mosaickers” then combine these prints into rough mosaics of the various areas. And these mosaics, in turn, become guidebooks for the field parties of geologists who will study the terrain on the ground. This particular part of the job, incidentally, will begin about January 1953, when the first batches of photographs begin to arrive from Pakistan.

The five working parties of geologists, with about six to eight in a party, will sail in November 1953. They will start investigations as soon

as they arrive, taking their rough mosaics to the areas covered, checking on the interpretation, and gathering additional information on mineral resources. Two years later, they'll be back in Toronto with their findings.

Reporting Findings

Last of all comes the compiling of the report, a task that will take about six months. The geologists plot the results of their on-the-spot examinations on sketch maps to a scale of one mile to one inch. Then, under the supervision of the company's chief geologist, the final compilation will be prepared. Before the negatives are shipped to the Government of Pakistan, the director of the Surveys and Mapping Branch, Department of Mines and Technical Surveys, will probably inspect them to make certain that they come up to required specifications. A detailed geological report will accompany the maps and photographs.

This painstaking geological investigation with the object of pinpointing mineral resources does not comprise the whole survey. The company will also photograph and map areas suitable for irrigation projects and will make town planning and soil surveys. Photos taken for these purposes will be sent to the Toronto office. There, using special equipment, technicians will "rectify" them—i.e., compensate for the tilt of the plane, and thus remove any distortion. Then the rectified prints will be fitted together into a "controlled mosaic".

Priority Projects

In photographing and gathering data, areas where development work is already planned will receive first attention. The following projects will get priority:

- The Nari-Bolan irrigation project.
- Survey of the Upper Indus River, between Swat and Mianwali, to discover irrigation or hydro-electric potentials.
- Topographical maps and a soil survey of the Thal Project, in which Canada is already interested, for irrigating 1,700,000 acres of new land.
- Study of the Quetta-Kalat block.
- Examination of other irrigation areas, such as the Upper and Lower Sind Barrages, which also derive water from the Indus.
- Mapping, on a large scale, of over-crowded Karachi and Hyderabad and their environs, as a basis for town planning.

In carrying out the project, the Pakistanis will have a part. The Canadian company plans to set up laboratories in Pakistan for processing the negatives. Pakistanis will serve as laboratory assistants and four of them will be trained as technicians and work directly with company personnel. One or two Pakistanis will accompany each geological working party and may first be brought to Canada to receive training in field work. They will share too in the compilation of the final data and the writing of the report.

In discussing this natural resources inventory, Nik Cavell, administrator of the Colombo Plan for Canada, pointed out its importance as the foundation of Pakistan's future development. Its findings will indicate how and where food production can be increased, where settlement could be extended, the potential water supplies, types of soil, mineral resources, fish and game population. This is the ultimate value of the work Canadians will be doing in that far-distant country in the next three years.

Sweden's Forest Industries

With a notable rise in prices and a brisk export demand, the pulp and paper industries had a prosperous 1951. Will this prosperity continue?

STOCKHOLM—The year 1951 might well be considered a record one in the history of the Swedish timber trade. The brisk demand—especially from Sweden's traditionally largest customer, Great Britain—produced towards the beginning of the year a surprising rise in prices. This in its turn contributed to increased production and increased offers of wood for export. The total sawmill output in 1950, estimated at 1.5 million standards, increased in 1951 and approached the peak reached in the thirties—1.6 million standards. The latest expansion has occurred particularly at the small sawmills. Total exports rose from 750 thousand standards in 1950 to approximately 850 thousand in 1951—a postwar record.

The year was marked also by the return of Great Britain as the leading foreign market (up from 93 thousand in 1950 to 330 thousand standards in 1951), and increased sales to other members of the Commonwealth and to Southeast Asia. In 1950 the Netherlands held first place as a buyer of these products (195 thousand standards against 140 thousand in 1951).

The wallboard industry expanded its production from 275 thousand tons in 1950 to 330 thousand tons in 1951. Of this, 180 thousand tons were exported, 80 thousand tons going to Great Britain. Australia and the Netherlands were the next largest foreign markets.

There were no significant developments in the plywood industry. Domestic consumption grew to over half the output and exports remained stationary at approximately 16 thousand metric tons. Principal customers were Great Britain, Western Germany and Denmark.

Outlook for '52

Forecasts of the timber market for 1952 indicate somewhat lower production and exports than during 1951; in fact, exports are expected to decrease by 50 thousand standards. Financial difficulties in most of Sweden's customer countries are reducing building activity and the high wood prices make it difficult for them to import and use sawn timber. Of particular significance is the big cut in imports now signalled from Great Britain because of that country's unfavourable balance of payments. The reduction in British imports may be offset to a certain degree by increases in other markets, notably Western Germany, which this year may well

advance to second place among Sweden's customers. France and Greece are also expected to buy more; the Netherlands and Denmark will probably take less. On the whole, there should be sufficient demand for the reduced quantities of wood which Sweden may be able to offer in 1952.

Wallboard Production

The Swedish wallboard industry has, so far this year, cut down production considerably to meet the decline in export demand. This falling-off is primarily due to the drastic lowering of British purchases and the disappearance of the Australian market, but even the United States, which last year imported only 6,000 tons, has been completely lost as a customer. Australia last year bought 26,500 tons and this year nothing, and a high Australian import duty was established on July 1, 1952. However, the fact that Australian importers did not seize the opportunity to buy wallboard before July 1st indicates that the interest is gone. The United Kingdom in 1951 accounted for 56 per cent of Sweden's exports of wallboard; purchases this year, however, are less than half the amount for the same period last year.

The Pulp Picture

Final official figures of Swedish production and exports of wood pulp in 1951 are not yet published, but some preliminary figures can be given.

The total output of sulphite pulp for sale (market pulp) and for use in producers' integrated mills is estimated at about 1.4 million metric tons—some 50 thousand tons more than in 1950. The production of sulphite pulp for sale was probably about the same quantity as in 1950—some 1,175,000 tons, including 400 thousand tons of dissolving pulp (350 thousand tons in 1950).

The production of sulphate cellulose was about 1.1 million tons, some 75 thousand tons more than in 1950. The output of sulphate pulp for sale was about 750 thousand tons (of which 275 thousand tons was bleached pulp) as compared with 700 thousand tons in 1950.

The production of mechanical pulp (for sale and domestic use) will probably total 775 thousand tons (dry basis), or some 50 thousand tons more than in 1950. The output for sale was about 325 thousand tons against 300 thousand in 1950.

This timber elevator at the Ostrand sulphate mill hoists up timber rafts; sends them on their way to the cutting and grinding machines.



Deliveries of market pulp to the domestic market in Sweden were about 150 thousand tons of sulphite, 80 thousand tons of sulphate and 40 thousand tons of mechanical pulp. These figures are all slightly higher than those in the previous year. Total exports of pulp declined slightly from 2,091,051 in 1950 to 2,008,841 metric tons in 1951, but the value more than doubled—from 1,119,259,000 to 2,588,352,000 kronor.

Effect of Price Rises

The sharp increase in pulp prices first became of major importance in September 1950 and, because of unprecedented world demand, increased steadily through the first three-quarters of 1951. Since that time, the combined effects of the imposition by the U.S. of ceiling prices on imported pulp, increased production capacity in North America, and reduced consumption in certain European markets have resulted in the stabilization of pulp prices at levels two to three times above the average for 1950. At the end of the year and since the beginning of 1952, an indication of buyers' resistance to prices in the European market and a feeling of caution among Swedish producers have brought about various reductions in the export price of pulp, particularly in Great Britain.

It is expected that the pulp production for 1952 will remain about the same as in 1951, but exports will likely be lower, because of increased domestic consumption and recently imposed import restrictions in customer countries. It is estimated that exports of mechanical pulp to Great Britain in 1952 will be reduced by six per cent and chemical pulp by 16 per cent.

The value of these exports, on the other hand, will definitely be lower. Already Great Britain has decreed maximum prices on imports of Scandinavian pulp. Other European countries are currently negotiating with a view to bringing their own buying prices in line with those established in Great Britain. The threat by these countries to follow the British Ministry of Materials' recent move in imposing ceiling prices on imported pulp has precipitated a series of negotiations between buyers and sellers, and, under the circumstances, Swedish producers have come to the conclusion that they must of necessity make considerable price reductions. It is already apparent that the new price level which is now being established on the West European pulp market will, on an average, diverge little from the British maximum price level. Average price reductions between 20 and 25 per cent are to be expected.

Paper Production and Exports

According to statistics of the Paper Mills Association, newsprint production remained almost unchanged at 325 thousand tons in both 1950 and 1951. The output of other paper and cardboard, however, rose from 855 thousand to 913 thousand tons, or by seven per cent. In each year 200 thousand tons of newsprint were exported. About one half of the increase in output of other paper and cardboard was for export. Total exports of these grades consequently reached 550 thousand tons.

Prices in the paper industry followed, on a smaller scale, the powerful inflationary trend of the pulp industry. The value of Sweden's exports of newsprint nearly doubled and reached 217 million kronor although, as mentioned above, the quantities exported remained the same as in the previous year.

The total Swedish exports of these commodities (newsprint, other paper and cardboard) in 1951—742 thousand tons to a value of 1,128 million kronor—were about 15 thousand tons more than in 1950.

Export of Pulp, Paper and Wallboard

(1,000 tons)

	Chemical pulp	Mechanical pulp	Total chemical and mechan- ical pulp	Paper and board	Wallboard
1936-38 average..	1,949	321	2,270	560	22
1947	1,573	224	1,797	552	76
1948	1,468	215	1,683	587	95
1949	1,636	258	1,894	613	98
1950	1,808	382	2,091	727	138
1951	1,712	297	2,009	742	183

Export sales in 1952 are not expected to equal those of 1951. Great Britain, which during the past year bought 15 per cent of Sweden's export of newsprint and over 30 per cent of other types of paper, is expected to decrease her total imports of paper and paper products by about 50 per cent. For newsprint proper, however, a certain increase is expected, even if, according to local producers, Britain can obtain more from Canada. On the other hand, in certain South American markets Swedish producers are already experiencing increased competition from Canada. As a result, resistance to the high Scandinavian newsprint prices is being keenly felt.

—B. J. BACHAND

Commercial Secretary for Canada

Hardwood Flooring Markets

NEW ORLEANS—Canadian firms interested in selling hardwood flooring in the Southern States must meet competition from southern manufactured oak flooring. At present, first grade oak flooring is quoted f.o.b. mill at \$185.00 per M; second grade, \$162.00; third grade, \$140.00. The price for third grade is unusually firm because of strong market demand.

For purpose of comparison, Canadian firms should add to their f.o.b. mill price: duty, 4 per cent ad valorem on birch and maple flooring; freight, Montreal to New Orleans, \$1.23 per 100 lbs. per 36,000 lb. carload, or about \$27.68 per M; exchange, which fluctuates between 2 and 3 per cent from day to day.

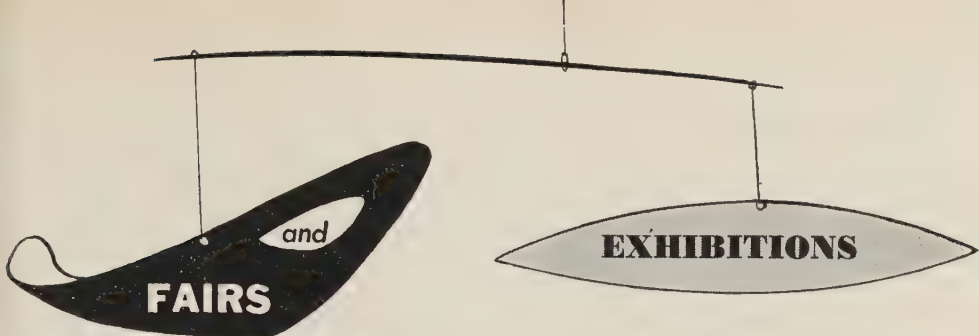
Freight charges will, of course, vary according to source of supply and destination. Shipments from Peterborough, Ontario, for example, to destination as indicated, are subject to the following freight rates:

	Fort Worth, Texas	Memphis, Tennessee	Atlanta, Georgia
Per cwt. (100 #).....	\$1.50	\$1.02½	\$1.15½

Any Canadian mills which, in the light of this information, consider they are strongly competitive should write the Consul of Canada and Trade Commissioner, 201 International Trade Mart, New Orleans, Louisiana, who is in touch with the trade in the Southern States.

—GERALD A. NEWMAN

Consul of Canada and Trade Commissioner



Machine Tools—CITF '53

The machine tool section at the Canadian International Trade Fair in 1953 will overflow the huge Industry Building, judging by the number of requests for space already received. Plans are being made to use additional space in one of the other buildings for this section. As in the past, the allocation of space is influenced by the date on which applications are received. Next year, materials handling equipment will be displayed with the machine tools, engineering and plant equipment.

Everything for the Druggist

Added attractions at The Chemists Exhibition, London, England, will be a full-scale model dispensary and a technological exhibit demonstrating the principles of emulsification. Dates of the exhibition are Sept. 20-Oct. 2 and the place is the Royal Horticultural Society (Old) Hall, Vincent Square.

The wide range of exhibits will include ethical medical preparations and pharmaceuticals, soap, cosmetics, perfumery, and the many products stocked by the modern druggist. For the pharmacist in the hospital, in manufacturing or retail business, the equipment and machine displays should prove particularly interesting.

The Secretary, The British and Colonial Druggist Ltd., 194-200 Bishopsgate, London, E.C.2, will provide further information.

Tools and Tackle

"For the trade only", is the National Hardware Show, Oct. 6-10, in Grand Central Palace, New York City. Open to exhibitors from other countries, the show features a wide variety of the goods normally sold by hardware stores, including hand tools, houseware, electric tools, builders' hardware, light industrial and agricultural equipment, garden tools and equipment. Fishing tackle and hunting equipment take up a complete section.

An export section, sponsored by the *American Exporter*, will maintain a staff to register visitors, arrange hotel reservations, and foster meetings between visitors and exhibitors.

Details can be obtained from Frank Yaeger, managing director of the show, or from the *American Exporter*, 386 Fourth Ave., New York 16, N.Y.

April in Milan

Is your company interested in developing business with Italy? The Italian Government invites you, as a first step, to exhibit at the Milan International Fair, April 12-29, 1953. Last year over three thousand foreign firms took space at the Fair and more than four million business visitors attended.

Applications to participate will be accepted up to November 30, 1952; the Canadian Government is already planning its official exhibit. For further information about the Fair, write to the Commercial Attaché, Italian Embassy, 133 Sparks Street, Ottawa.

United States Fairs

Canadian businessmen may be interested in visiting or exhibiting at the following United States fairs and expositions, slated for September and October. (For a list of United Kingdom Fairs, see *Foreign Trade* of August 16.)

7th National Instrument Exhibit, Cleveland, Sept. 8-12.

17th National Chemical Exposition, Chicago, Sept. 9-13.

Dairy Industries Exposition, Chicago, Sept. 22-27.

Iron and Steel Exposition, Cleveland, Sept. 30-Oct. 3.

National Metal Exposition, Philadelphia, Oct. 20-24.

National Shoe Fair, Chicago, Oct. 27-30.



Part of the display of Canadian-made garments for women and children, now on exhibition in the Canadian Showroom at Rockefeller Centre. It will continue throughout September; is attracting much attention.

Southern Rhodesia Supports Sterling

Import controls and an austerity budget loom large among the measures adopted by the colony to aid the sterling area and strengthen the internal economy.

JOHANNESBURG—Southern Rhodesia, in common with other units of the sterling area, is making its contribution towards the recovery and convertibility of the pound. This contribution is also in the colony's own interest because it is over-spending on goods and materials from abroad, including the dollar area.

In April, the interior economy of Southern Rhodesia received attention. This attention took the form of an austerity budget. Southern Rhodesia has thus taken the proper steps not only to support sterling but to live within her means and to justify the confidence expressed by the British and other overseas investors in her present and future development.

Import Control

Import control in Southern Rhodesia follows much the same pattern as in other parts of the Commonwealth. There is a prohibited list of luxury and other non-essential products; provision for importing from dollar and other non-sterling areas only absolutely essential items not available from sterling countries, and machinery to ensure that payments to all non-sterling countries do not (as in 1951) exceed non-sterling receipts from all sources, including the proceeds of gold sales.

In December 1951 when, in face of a huge deficit, it was decided to extend existing controls over dollar imports to cover all goods from outside the sterling area, the situation was serious enough. Appropriate measures were taken to reduce drastically dollar and non-sterling allocations for the period January 1 to June 30. In March, however, it became apparent that, to implement the decisions taken at the Commonwealth Finance Ministers' meeting, further restrictions in dollar and other non-sterling trading must be introduced. These allocations (with a few exceptions) were then cut in half, by doubling the licensing period for allocations to commercial importers and by halving the allocations to industry. Certain special products such as steel, gasoline and fertilizer were not affected by the cut but the allocations for rice, silk and rayon piece goods, blankets, cement and other vehicles were cancelled entirely.

The revised allocations are estimated to provide imports in 1952 to the value of £4.5M from the dollar area and about £5.5M from the rest of the non-sterling area. The comparable figures for 1951 were approximately £5.7M and £9.8M respectively. The proportionately small cut in dollar purchases reflects the screening of such imports that has gone on since 1947.

Under the licensing system, dollar permits can be used for purchases from any dollar or non-dollar non-sterling area, but non-sterling permits

can only be used in non-dollar non-sterling areas. The prohibited list covers luxury foodstuffs, wines, spirits, toilet preparations, clothing, carpets, furnishings, furniture, cutlery, glass, chinaware, earthenware, motor cars, jewellery and fancy goods. There is no restriction of trade with the sterling area.

The Budget

The 1952-53 budget introduced early in April reflects the Government's determination to make ends meet on overseas and internal accounts. It was framed with the object of stimulating production and reducing imports. The proposals have been criticized freely as too severe but the realists accept them as the right and only medicine for an overstrained economy. Southern Rhodesia's extraordinary industrial development has gone on without due regard for the necessary accompaniments of increased transport facilities, labour, materials, and power. It has created a serious imbalance between spending and production.

Austerity measures have been adopted to remedy the situation. They include a levy of £10 per head on all adult whites, Indians, and coloureds, a rise of 6d. in income tax, a new supertax of 2½ per cent on all income below £4,000 per year, (the present maximum rate of supertax on income over that figure is raised to 4/6d. in the pound), application of suspended duties on a wide range of import items, and several other measures. The entire gold production is henceforth to be sold on the free market, and, to encourage the investment of dollars, a depletion allowance for tax purposes is conceded to the mining industry.

By these means it is expected to convert a deficit of £654,000 on revenue account for the financial year 1951/52 to a surplus of £9,000 at March 31, 1953. Estimated expenditure in 1952/53 is £28,126,000 and revenue £28,789,000.

Industrial Development

The Colony's rapid development since the war, both industrially and commercially, and the demands of an increasing population have been the main factors in bringing about the present economic difficulties.

Since 1946, real output has increased by 60 per cent and the volume of exports by 50 per cent. The immigration policy up until 1952 encouraged new settlers who could staff and provide a market for the growing number of industries. Since the beginning of this year, however, immigrants to settle permanently have been limited to 2,700 per quarter. The average intake during 1951 was nearly 4,000 per quarter.

Southern Rhodesia's earnings come largely from tobacco (for which the United Kingdom is the chief market) and minerals, the most important of which is gold. The 1950-51 crop of tobacco was worth £12,926,000—a decrease from the previous year because of drought. During the first five weeks of the current selling season the auctions, which are no longer subject to controls, disposed of a total of 16,951,675 lbs. of flue-cured tobacco at an average price of 43d. per lb., compared with 12,089,233 lbs. at an average of 44·9d. during the first five weeks of the 1951 sales.

Two important factors which influence the economic life of Rhodesians (in fact, of all southern Africans) are communications and power. Since 1947, in an endeavour to meet the needs of a rapidly growing industrial community, the Southern Rhodesian Government has spent £20 million

on rolling stock, marshalling yards and general equipment for the railway system. This effort to catch up with the times has been hampered by labour and material shortages. Dependent on two ports—Beira in Portuguese territory and Durban in the Union of South Africa—the nearer of which is 200 miles from Southern Rhodesia's eastern border, for the receipt and despatch of goods, it is most necessary that the railway lines to these ports have adequate carrying capacity. Unfortunately, this objective has not been reached and congestion of traffic has seriously interfered with progress. The decision has now been taken to build a new line to the border of Southern Rhodesia, to be carried on by the Portuguese Government to the port of Lourenço Marques. This link, it is hoped, will be finished in 1954.

At the moment, electricity is provided largely by the thermal power station. To keep pace during the past few years with the expansion in output of the agricultural, mining and secondary industries, production has nearly doubled. This increase in production of power from steam continues with the assurance of adequate supplies of coal. Sizable hydro-electric power schemes are afoot; one dam is already completed and a second will come into operation by the end of this year.

Mineral Production

The value of mineral production for the years 1947-51 was:

Mineral	1947	1948	1949	1950	1951
	£'000	£'000	£'000	£'000	£'000
Gold	4,508·6	4,437·0	5,197·1	6,344·8	6,043·7
Asbestos	1,738·5	2,604·6	3,986·7	4,615·5	5,452·1
Coal (sales)	623·0	748·0	912·3	1,126·7	1,325·5
Chrome	432·1	825·4	986·4	1,219·9	1,531·0
Total	7,585·7	8,903·5	11,293·2	13,606·7	15,039·1

In addition to this amount, £45,559 was received from gold premium sales during October, November and December.

Total value of mineral production has thus increased 98 per cent over 1947. All minerals contributed to this increase. The actual quantity of gold produced in the period declined from 523 thousand fine ounces in 1947 to 487 thousand fine ounces in 1951, but the increase in price, consequent on devaluation of the pound sterling, resulted in an increase in value. Price rises were also partly responsible for the increases in value of the other three minerals noted in the table but all three also showed substantial increase in quantity as well.

External Trade

Southern Rhodesia's external trade during 1951 was marked by a substantial increase in imports, both in volume and in value, the latter being £26,877,503 greater than in 1950. Exports in 1951 actually declined in volume although they rose in value by £3,536,768 compared with 1950. As a result of the larger expansion in imports, the adverse balance of visible trade rose from £10,620,818 in 1950, (when export values amounted to 82 per cent of the cost of imports) to £33,961,553 in 1951, when they amounted to only 60 per cent.

Year	Imports	Exports
	f.o.b. value £000's	f.o.r. value £000's
1950	58,875	48,254
1951	85,752	51,791

In view of the efforts being made to reduce imports from non-sterling countries, it is interesting to note that 81·2 per cent of the Colony's imports during 1951, valued at £69,664,435, were from Commonwealth countries, excluding Canada. Imports from non-sterling countries were £16,087,847, or 18·8 per cent of the total. Against this, exports and re-exports to countries within the sterling area were valued at £42,922,563, or 83 per cent of all exports, compared with £8,868,166 to non-sterling countries, or 17 per cent of the total.

Southern Rhodesia's visible adverse trade balance of £33,961,553 for the year was thus made up of £26,741,872 with sterling and £7,219,681 with non-sterling countries. The non-sterling portion of the trade deficit, however, exceeded by only £1,112,008 Southern Rhodesia's export of gold, which amounted to £6,107,673 and was marketed almost wholly in the United Kingdom.

Adverse Balance Larger

For the first quarter of 1952 the adverse balance of trade was £10,373,000, as against £9,145,000 for the first quarter of 1951. (The figures take into account the Colony's gold exports.) Large imports of maize and sugar contributed to the increased balance.

A feature of growing importance in Southern Rhodesia's trade is the increased movement of goods and materials between the Colony and the Union of South Africa, largely the result of the customs union agreed upon three years ago. During 1949, the year in which the agreement came into operation, exports of Southern Rhodesian products to the Union more than doubled over 1948 and in 1950 increased by about 71 per cent over the 1949 figures. This improvement in trade came mainly from increased exports of textiles and clothing. In Union exports to Southern Rhodesia the improvement has also been considerable and has been spread over a larger variety of products, including tires and tubes, footwear, electric cable and wire, mining machinery, cotton piece goods, blankets and rugs, asbestos, cement products, etc.

Trade with Canada

Despite the control of imports from hard currency sources, exports from Canada to Southern Rhodesia increased from \$1,202,237 in 1950 to \$2,669,469 in 1951—an increase of over 100 per cent. Chief products contributing to this greater volume of trade were wheat, milk products, timber, paper, metal products such as screening and pipes, farm implements and parts, mining machinery, tools, motor cars and trucks, aluminium, chemicals and compounds, aircraft and parts. As with the Union of South Africa, the emphasis is on raw and semi-processed materials for industry.

Southern Rhodesia's exports to Canada also showed a substantial increase over the two years—rising from \$401,260 to \$1,496,481. The statistics reveal increased shipments of chrome ore, asbestos manufactures, industrial diamonds, and mineral substances.

The balance of trade in Canada's favour, which stood at \$800,977 at the end of 1950, rose to \$1,172,988 in 1951.

—BLAIR BIRKETT

Canadian Government Trade Commissioner.

The French Textile Industry

. . . . a report on raw materials, production and markets in 1951.

PARIS—Among the few French industries which showed little improvement in 1951 was the textile industry. Because it is made up of a large number of small family enterprises, it tends to be extremely conservative, high and rapid profits often prove too tempting, and too frequently owners are cautious about investing further in an inherited plant in whose future there is a lack of confidence.

This cautious outlook was further accentuated during the year by the instability in the world fibre market and by the realization that postwar rehabilitation of textile industries throughout the world had brought production dangerously close to the saturation point.

The shortage of cotton was not as serious as in 1951 and even the extreme scarcity of rayon pulp and cotton linters began to ease towards the middle of the year. The price of wool reached its maximum and began to recede. All these movements made for uncertainty at the manufacturing level. In addition, the drop in raw materials prices transferred the confusion to consumers, bringing about the well-known phenomenon of the "buyers' strike" in expectation of further reductions. Thus the industry started the year 1952 in continuing uncertainty and with the probability of a further recession.

Linen and Hemp

Linen yarn production amounted to 28,116 metric tons, against 22,992 tons in 1950, 18,434 in 1949 and 25,716 tons in 1938. Hemp production amounted to 10,656 metric tons against 6,492 tons in the previous year, 7,704 tons in 1949, and 13,104 tons in 1938.

Both these fibres are used to an appreciable extent in mixtures with other fibres, particularly cotton, so it is difficult to estimate the total production of textiles from either or both. However, total production of unmixed linen or hemp textiles came to 25,296 metric tons against 18,984 tons in 1950, 14,700 in 1949, and 19,380 tons in 1938.

Jute and Sisal

Jute imports, mostly from Pakistan, came to 118,752 metric tons, against 74,304 metric tons in 1950, 49,068 tons in 1949 and 81,804 tons in 1938. Yarn produced from this source totalled 101,172 metric tons. Sisal or manilla imports are not separately classed, but 44,160 tons of yarn were produced in 1951 against 36,600 in 1950, 41,736 in 1949, and 32,196 tons in 1938. Of this 31,908 tons went into the manufacture of binder twine, against 33,616 tons in 1950, 26,532 tons in 1949, and 24,816 tons in 1938.

Total imports of raw cotton in 1951 came to 247,332 metric tons, against 280,800 metric tons in 1950, 256,600 tons in 1949, and 277,800 tons in 1938. Partly because of high prices, therefore, imports went down

considerably. Contrary to previous buying trends, the United States accounted for a far smaller proportion of the supply—less than 40 per cent in 1951, compared with slightly over half the requirements in 1938 and 1950, and 67 per cent in 1949. The proportion coming from the French Union began to take on some importance—33,348 tons in 1951 against 26,400 tons in 1950 and only about 10 thousand tons prewar. Other important sources were Egypt, Mexico, Pakistan and Brazil, in that order.

Total production of cotton yarn amounted to 271,152 metric tons, against 250 thousand tons in the previous year, indicating a considerable use of stocks. Production of cotton textiles in cotton mills (excluding use in other mixtures) came to 163,668 tons, against 168 thousand tons in the previous year. Almost 60 thousand tons were exported in 1951, mostly to the French Union. Stocks on hand in the cotton mills increased by about 60 thousand tons during the period, reflecting fairly sluggish sales of about one kilo of cotton cloth per capita on the domestic market. This seems a relatively low consumption level.

The Wool Industry

As in most countries, the wool industry depends largely on imports of raw materials. Because of high prices, imports were greatly reduced—to 87,852 metric tons in 1951 against 105,600 tons in 1950, 112,800 tons in 1949, and 125 thousand tons in 1938.

Total production of wool yarns was 120,252 metric tons, of which 27,384 was combed wool, 62,028 carded wool yarn, and the remainder knitting yarns. This compared with 126 thousand metric tons in 1950, of which 35 thousand were combed, 54,800 carded, and about 46 thousand tons used for knitting yarns. Exports of wool yarns came to 16,200 tons (plus 11,500 tons of wool tops) against 21,500 and 14,500 tons respectively in 1950.

Stocks of raw wool and woollen yarns decreased substantially during the year and this may place the industry in a better position to take advantage of lower prices in 1952.

The production of unfinished cloth was 80,268 tons compared with 80,050 tons in 1950. About 120 million metres of clothing tissues were produced, against 108 million metres in the preceding year. About 10,560 tons of cloth were exported.

Production of rayon yarn came to 57,108 metric tons as against 45,240 tons in 1950 and only about 28,000 tons in 1938. Staple fibre production continued to increase, amounting to 49,500 tons against 38,700 tons in 1950, 28,050 tons in 1949, and less than 6,000 tons in 1938. Exports of rayon yarn came to about 12,700 tons in 1951, against 11,800 in the previous year, and those of staple fibre to 8,450 tons against 10,600 tons. Thus total production was 106,600 against 84 thousand tons in the previous year, of which 21 thousand, or 20 per cent, were exported as compared with 25 per cent in the previous year.

The shortage of rayon pulp at the beginning of the year gave rise to the fear that a serious depression would hit the industry. A wise purchasing policy on the part of a centralized buying agency succeeded in avoiding this recession. Canada was able to profit substantially from this search for raw materials for French rayon pulp in a wider market.

—JAMES P. MANION

Commercial Counsellor for Canada

Commodity Notes

BRAZIL

Sugar—Preliminary figures indicate that Brazil's production of sugar for the crop year ending May 31, 1952, amounted to 26·5 million bags, 1·7 million bags more than for the previous season. São Paulo, with 8·1 million bags, headed the list of producing states, followed by Pernambuco (7·9 million) and Rio de Janeiro (4·6 million). Although São Paulo is now the leading producer, the southern states as a whole accounted for only 11·8 million bags of the total output, compared with 14·7 million bags for the northern states. Production for the 1952-53 crop year is estimated between 28·5 and 29 million bags, which would leave an exportable surplus of over 1·5 million bags—Rio de Janeiro, July 30.

CHILE

Copper—The Chilean Exploration Company states that copper production at Chuquicamata will reach 160 thousand tons in the present year. This is the highest production to date and represents an appreciable increase in dollar exchange supplies.

A firm demand exists for Chilean copper, especially in the United States, at US\$0.35½ a pound, according to recent announcements. The amount mentioned as sold to date through the Central Bank is 50 thousand tons. Most of this went to the United States—Santiago, July 18.

CUBA

Codfish Consumption—The Island imported 10·6 million kilos of codfish in 1950, valued at \$4·2 million. In 1951 purchases increased to 13·2 million kilos, or \$5 million worth. Canada and Norway continue to be Cuba's principal suppliers of codfish—Havana, June 30.

FRANCE

Automobiles—An output of 256,209 vehicles during the first half of 1952 established a new high in the history of the French automobile industry, 14·5 per cent higher than in the corresponding period last year. Comparative figures for the two years are as follows (1951 in parentheses): private cars, 187,113 (158,261); trucks, 66,900 (63,077); buses, 1,274 (1,453); tractors, 759 (747); others, 163 (117)—Paris, August 5.

INDIA

Fertilizers and Cement—Since the Sindri fertilizer factory went into production in October last, it has produced 52,565 tons of fertilizer and saved foreign exchange worth Rs.17·9 million. A proposal to set up a cement factory in the vicinity to use the waste has been favourably considered by the Indian Government, the sole owner of the plant. Production of cement has been entrusted to a local firm—New Delhi, June 3.

ISRAEL

Pharmaceuticals—The Israeli pharmaceutical industry has expanded during recent months and preparations now produced include antibiotics, vaccines, biologicals, anaesthetics, hypnotics and sedatives, antiseptics and sanitizing agents, arsenicals for human and veterinary use. One of the five principal firms has received considerable orders for its penicillin and other antibiotics. These are processed from bulk materials imported from various sources, including Canada, and from Turkey and Greece mainly through barter arrangements—Athens, July 12.

NEW ZEALAND

Newsprint—The Tasman Pulp and Paper Co. Limited has been registered in Auckland with a share capital of £6 m. The main object of the company as registered is to manufacture, deal in and sell paper pulp, paper, newsprint, paper board, timber and all products of timber and wood pulp. To safeguard the company in its main undertaking, many subsidiary objects are set out, including building and construction, timber-growing, and brick and tile-making—Wellington, July 21.

PORTUGAL

Cement—Portuguese cement production exceeds demand by approximately 400 thousand tons a year. In 1951 about 200 thousand tons were exported, nearly four times the amount exported in 1950. Quality and local price are said to be competitive, but high freight rates tend to curtail export sales—Lisbon, July 7.

Files—Portuguese manufactured files have long enjoyed a high reputation in European and Brazilian markets. In 1950, 308 tons valued at \$332 thousand were exported. In 1951 the volume increased to 374 tons, but the value decreased to \$308 thousand. The United Kingdom, Brazil and Sweden were the most important buyers—Lisbon, July 7.

TAIWAN

Sugar—Sugar is vital to Taiwan's export trade and is the largest single earner of foreign exchange. Estimates for 1952 put the total value of all exports at US\$117 million, up \$24 million from 1951. Of this sum the expected export of 450 thousand metric tons of sugar would bring in US\$64 million. Up to April 30, 1952, sugar exports have earned US\$34.6 million—or 76 per cent of the total value of exports—Hong Kong, June 27.

Rice—Taiwan anticipates a record rice production of 1.6 million metric tons for 1952. The expected increase over last year's harvest of 1.5 million tons is partly the result of a better yield per acre because of increased use of fertilizer, and partly the result of an all-time high of 790 thousand acres under cultivation. Of the yield, 160 thousand metric tons will be available for export—Hong Kong, June 27.

Portugal in 1951

Increases in exports of raw materials and foodstuffs and brisk two-way trade with her colonies helped Portugal reduce an unfavourable trade balance.

LISBON—The trend towards economic recovery which first became apparent late in 1949 has continued, but Portugal's external position has improved more rapidly than her internal economy. Business conditions throughout the country continued depressed and the profits from the improved export trade have not found their way into general circulation.

Among the factors contributing to the better external position is the continuing demand at good prices for certain export products, particularly colonial goods, cork and tungsten. This, coupled with carefully regulated imports and an increase in invisible exports, has made it possible for Portugal to balance her international payments and even show a credit balance.

Direct financial aid under the Marshall Plan ceased at the beginning of the 1951-52 year. However, under the heading of Aid to Undeveloped Territories, the country is still receiving assistance to develop the Portuguese overseas territories, particularly Angola and Mozambique (Portuguese West and Portuguese East Africa). The money is going towards mineral exploration and development, establishment of industries, port and other transportation improvements, etc.

External Trade

The total external trade of Portugal in 1951 increased markedly as the value of both imports and exports rose. Export values, however, increased more than import values and she was again able to reduce her unfavourable balance of trade.

Exports in 1951 were valued at about \$245 million as against about \$185 million in 1950. Imports in 1951 were valued at about \$315 million as against about \$280 million in the previous year, giving an unfavourable trade balance for 1951 of \$66 million, compared with \$87·5 million in 1950.

It should be pointed out, however, that these totals include imports from and exports to the Portuguese colonial empire. With the colonial figures subtracted, Portugal had an unfavourable balance in 1951 of \$87·5 million compared with \$91 million in 1950.

The visible volume of imports decreased by 127 thousand tons to a total of 2·9 million tons in 1951. Export tonnage increased by 724 thousand tons to a total of 2·4 million tons.

Contributing most to the increase in the value of imports were raw materials and machinery; foodstuffs registered a decrease. Greatest export increases were in raw materials and foodstuffs. Exports of manufactured products also went up but this is largely accounted for by shipments to the overseas colonies.

Over 30 per cent of Portugal's imports, representing a total of over three million contos, were made up of:

Petroleum products	1,002,000 contos*
Textile fibres	938,000 "
Iron and steel, including tinplate	729,000 "
Fertilizers	316,000 "
Wheat	198,000 "

Five-sevenths of Portugal's exports consist of the following 12 commodities:

Cork and cork products	1,390,000 contos
Cotton yarn and textiles (mostly exports to the Colonies)	896,000 "
Wolfram	549,000 "
Canned sardines	399,000 "
Port wine	382,000 "
Rosin	353,000 "
Wood and wood manufactures	261,000 "
Pyrites	219,000 "
Table wines	176,000 "
Olive oil	147,000 "
Embroideries	114,000 "
Fruits and nuts	110,000 "

All but four of the 37 principal commodities showed an increase in value.

Customers and Buyers

Excluding the Portuguese overseas colonies, the United Kingdom continues to be Portugal's best customer and largest supplier, with the United States in second place. The following table compares Portugal's trade with the more important countries:

	Thousands of Contos 1951		1950	
	Import	Export	Import	Export
United Kingdom	1,459	1,483	1,353	925
Overseas Colonies	1,105	1,744	1,289	1,349
Belgium-Luxembourg	888	253	678	284
Germany	516	352	298	195
Netherlands	512	204	256	129
France	509	316	397	256
Sweden	253	138	173	135
Switzerland	252	105	292	125
Italy	175	164	97	111
Spain	160	106	68	88
Norway	154	83	63	55
North and South America				
United States	1,434	1,016	1,235	690
Brazil	334	328	143	172
Curaçao	257	3	225	1
Canada and Newfoundland	207	58	178	55
Argentina	86	50	165	18
Asia				
Saudi Arabia	406	0	257	0
India and Pakistan	171	19	96	16

With the countries forming part of OEEC, the trend of trade over the past three years has been towards increased imports into Portugal from these countries. In 1949, 61.1 per cent of the imports came from those countries; the sterling area supplied 29 per cent of total imports. In 1950, 61.9 per cent came from OEEC countries and 21.5 per cent from the sterling area; in 1951, 62 per cent of imports came from OEEC and 18.9 per cent came from the sterling area.

Portugal's efforts to increase her trade with the dollar area have been attended with considerable success. In 1949, 29.8 per cent of the

One conto=1,000 escudos=Can.\$35 approx.

total export went to that area and this increased to 34·6 per cent in 1950 and to 36·3 per cent in 1951. During this period, exports to the United States increased from 13·9 per cent of the total to 17·5 per cent. Exports to Canada and Newfoundland decreased from 1·4 per cent to 1 per cent. Exports to Latin American countries increased from 6·9 per cent to 8·8 per cent.

From 1947 on, Portugal's balance of payments showed a deficit. The year 1951 marked a turning point. The Bank of Portugal reports an overall favourable balance for Portugal and her colonies of about \$79 million.

Production Picture

The 1951 crop year was, in general, good. The wheat crop of approximately 594 thousand tons was considerably above the ten-year average and 20 thousand tons more than in 1950. About 198 thousand tons were imported and it is probable that during 1951-1952 a similar amount will have to be obtained from abroad.

Output of olive oil for the 1951-1952 year will probably be double that of 1950-1951 and about 37 per cent greater than the five-year average. This will permit increased exports, most of which will probably be absorbed by Brazil.

The rather cold summer of 1951 retarded the maturing of grapes and as a result production of wine decreased by approximately 12 per cent, as compared with 1950, and by 20 per cent compared with the ten-year average. The total production is estimated at 7·6 million hectolitres. Port wine exports which, since the end of the war, had fallen off, showed a marked revival in 1951. The United Kingdom, traditionally Portugal's best customer for port wine, again became an active purchaser.

A feature of 1951 was the unprecedented activity in the cork market. As a result 232,109 tons of cork, valued at 1·4 million contos, were exported compared with 209,970 tons valued at 892 thousand contos in 1950. This industry, like the wine industry, has suffered from a falling-off in demand and the revival of the trade in 1951 was most encouraging.

Portugal is one of the most heavily forested countries in Europe and exports for 1951 totalled some 250 thousand tons. Pitprops accounted for well over half of this trade. The United Kingdom, South Africa and Spain are Portugal's best customers.

The Textile Industry

The Portuguese textile industry has probably suffered more than any other (with the exception of the sardine canning industry) as a result of shortages and high cost of raw materials. It was only during the latter part of 1951, when additional supplies of raw cotton were made available from the Colonies, that the cotton mills were able to begin working full time. The woollen industry, however, continued to operate for only three days in the week. High cost of the finished products has brought about strong consumer resistance and retailers have been left with heavy current stocks. In many instances these stocks have had to be moved at a sacrifice to meet fixed charges. Retailers have thus hesitated to do more than buy "from hand to mouth" and this further depresses the industry.

—L. S. GLASS

Canadian Government Trade Commissioner

General Notes

AUSTRALIA

New Diesel Engine Plant—A leading British diesel company intends to establish a subsidiary company in Victoria. It is reported that it will be the biggest diesel plant in Australia and may enable Australia to export diesel engines and equipment to Far Eastern countries. The British company plans to raise £500 thousand capital in London and Melbourne to underwrite the new enterprise, and preliminary negotiations with the Victoria Government are in progress. The company specializes in car engines—Melbourne, July 17.

BURMA

Decimal System for Rupee—The Burmese currency has been put on a decimal system, effective July 1, 1952. The Burmese name of the rupee will be kyat, and henceforth it will be divided into 100 units. Each will be called a pya and will replace the present anna—Bombay, July 25.

CHILE

Loans for Cattle Industry—The Minister of Agriculture is preparing a memorial for the Central Bank requesting loans through the Agrarian Credit Bank to develop the cattle industry. The amount mentioned is Ch\$500 million—Santiago, July 3.

INDIA

Loan for Steel Industry—India is seeking loans from the International Bank on behalf of the Industrial Finance Corporation, the Damodar Valley Corporation, the Mysore fertilizer project, and the pig-iron industry. A Bank mission has just completed an examination of India's plans for more extensive development of its iron and coal reserves to increase its output of steel. A loan for this purpose will probably be granted. India has already received three loans from the Bank: \$8·5 million for agricultural machinery to carry out land reclamation; \$32·8 million to buy railway locomotives; and \$18·5 million for the Bokaro-Konar hydro-electric project—New Delhi, July 28.

UNITED KINGDOM

Exports to Canada—While the total value of United Kingdom exports in July (£207·9 million) was, on a daily rate basis, 9 per cent below the average for the second quarter, exports to Canada (£13·4 million) were 33 per cent higher than the average for the second quarter and almost up to the high level of the second quarter of 1951. Exports to the United States were £12 million, the same as the average for the second quarter.

Imports in July amounted to £290 million, 9 per cent less than the monthly average for the first six months of the year. The excess of imports over exports was £69·1 million, compared with a monthly average of £78·4 million in the first half of this year—London, August 14.

Netherlands Stimulates Dollar Sales

THE HAGUE—Netherlands exporters can now obtain insurance against losses on sales campaigns in the dollar market—insurance that covers a portion of the costs of market surveys, advertising campaigns and general sales promotion. Premiums are calculated on the amount of the insurer's risk in the total cost of the campaign and on a portion of the increased turnover resulting from the sales promotion.

Dollar Problem Is Serious

The Netherlands still has a serious dollar problem in spite of the great improvement in her foreign currency position during the past twelve months. The "Export Note" submitted to the Government last spring emphasized the importance of increasing dollar earnings by exports. It also proposed market development insurance as one of a series of measures to help exporters earn dollars.

Netherlands businessmen were reluctant to face the greater risks usually experienced in dollar markets. At the same time, it was apparent that sales success in Canada and the United States depended largely on carrying out detailed market research and following up with a good sales campaign. By providing insurance against losses on dollar sales promotion, the Government expects that more exporters will be ready to develop such sales. Market development insurance is new to the Netherlands and only the broad framework of its operation has been designed. Experience will be the chief guide in the detailed working-out of the plan.

How It Works

The Netherlands exporter submits his proposed sales campaign to the Government's Economic Information Service, which then makes an independent survey to determine the sales possibilities for the goods to be exported. If the Government is satisfied that the project is worth backing, the exporter may take out insurance.

The amount of risk which the Government assumes is determined by a somewhat complex formula. The first step is for the exporter and the government agent to work out an agreed ratio between the cost of the sales campaign and the estimated sales during a given period. The Government then gives insurance on the difference between the figures arrived at by applying the agreed ratio to the estimated and actual sales results.

To illustrate, assume that the sales campaign cost is 10 per cent of the expected sales, or a ratio of one to ten. The estimated total value of sales is \$500 thousand over a two-year period. The amount to be spent on the sales campaign is then \$50 thousand. Suppose, however, that the actual sales during the two years amount to only \$300 thousand. For sales amounting to \$300 thousand, by applying the agreed ratio of one to ten, the cost should have been \$30 thousand. The exporter's loss on

his sales campaign cost, in relation to sales, is thus \$20 thousand. The Government will assume up to 50 per cent of this loss, which in this case would be \$10 thousand.

The premium a Netherlands exporter will pay for market development insurance is in two parts. The first payment is a small amount calculated on the portion of the risk which the Government assumes. The remainder of the premium payment consists of a small percentage of the turnover achieved in excess of the sales figure agreed upon by the exporter and the Government in the insurance contract.

The vagueness in defining the amount of premium to be paid results from the many indefinite factors which must be considered in arriving at the risk involved. Thus each application for market development insurance must be judged on its merits, and the insurance contract tailored to individual requirements.

—W. G. PYBUS

Assistant Commercial Secretary for Canada

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. H. Palmer, Consul General of Canada and Trade Commissioner in Manila, Philippines, began a tour of Canada on June 15; will visit the following cities in the next few weeks:

Montreal—Sept. 8-19

Ottawa—Sept. 20-23

Toronto—Sept. 24-Oct. 1

F. W. Fraser, formerly Commercial Counsellor for Canada in Melbourne, is continuing his Canadian tour and will visit the following cities during September and October:

Halifax—Sept. 12

Toronto—Sept. 22-29

Saint John—Sept. 15

Hamilton—Sept. 30

Quebec—Sept. 18-19

Ottawa—Oct. 2-4

Montreal and vicinity—Oct. 6-16

Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

R. F. Renwick, formerly Assistant Commercial Secretary in Bombay, has been appointed Assistant Commercial Secretary in Tokyo. Before sailing for his new post he will complete his Canadian tour in Vancouver, Sept. 15-19.

Businessmen may get in touch with these officers at Boards of Trade in Halifax, Saint John, and Montreal; Canadian Manufacturers Association in Toronto; Chambers of Commerce in Quebec and Hamilton; and the Dept. of Trade and Commerce (355 Burrard St.) in Vancouver.

Trade and Tariff Regulations

Barbados Issues Import Licensing Notice

Importers in Barbados have been reminded, in a Notice of the Superintendent of Agriculture dated July 2, that under the Animals (Importation) Control Regulations 1951 it is necessary to obtain a permit from the Director of Agriculture, Barbados, to import any animals into the Colony.

Bermuda Permits Import of Certain Items

The Bermuda Supplies Commission advised importers on July 29 that crystallized fruits, pie crust mix, and pineapple juice will be permitted to arrive in the Colony from Canada and the United States on and after August 15, 1952, and packaged rolled oats on and after October 1.

In a notice of July 30 importers were advised that potatoes may arrive on and after August 11, 1952.

Chilean Customs Duties Raised

Santiago, August 7—FTS—As from July 1, 1952, the surcharge on customs duties on goods payable at the free exchange rate and the gold rate has been increased from 1,830 per cent to 2,020 per cent.

Removals from Colombian Prohibited List

Bogota—FTS—By Decree No. 1830, effective August 1, 1952, the following articles formerly included in the prohibited imports list are now permitted importation provided they are utilizing the rights to foreign exchange earned by the exports of certain specified Colombian products other than coffee:

Item 18-b. Salted, dried, smoked, cooked or simply prepared meats other than ham.

Item 117-b. Other meat preparations and preserves different from those in Item 118, except liver patés.

Item 118. Meat extracts solid or liquid, even when flavoured with vegetable substances.

Item 890-2. Automobiles with bodies or complete:

Passenger and sport cars weighing each over 1,240 kilogs, but not over 1,650 kilogs.

Under a bilateral country arrangement, the following goods are permitted importation provided they are paid for with foreign exchange resulting from sugar, beer, rice or any other specified products exported from Colombia to the country of origin of these imports:

Item 120-a. Preserved or prepared fish other than salted, smoked or dried, imported in cans, terrines or hermetically sealed containers:

1. Sardines.
2. Others (including salmon).

Item 120-b. Preserved or prepared fish other than salted, dried or smoked, imported in other forms.

Protective Tariff Rates in Peru

Lima, August 4—FTS—During the current year the Peruvian import tariff rates applicable to a number of products have been increased for the protection of local industry.

In February, the rates of duty on various yarns and textiles were increased considerably. Subsequent tariff increases applied to certain types of crockery, sheet glass and canned foodstuffs. The most recent import duty increases became effective August 25, 1952, and apply to a long list of paper and cardboard products, various soaps and certain glass manufactures.

Information on the items affected may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

Trinidad Issues Import Licensing Notice

Port of Spain, August 18—FTS—The Trinidad authorities have advised importers that a specific import licence is required for all goods under World Open General Licence where the supplier is a resident of a country other than the country of origin and shipment.

In such circumstances, importers should obtain specific import licences before placing their orders.

U.S. Customs Regulations for Invoicing Printed Matter

The attention of exporters of printed matter is directed to new United States Customs regulations on invoicing requirements for printed matter, as set forth in T.D. 53056 of the Weekly Treasury Decisions of July 31, 1952, which states as follows:

"In order to assist U.S. Collectors of Customs in properly classifying paper and paper products (other than books, newspapers, and periodicals which are not fashion periodicals) bearing printing of any kind, whether or not the printing was done by a lithographic process, customs invoices for such products shall contain, in addition to all other information required by law or regulation, a statement of the process employed in printing the paper or paper products.

"This requirement shall be effective as to certified or commercial invoices filed after the expiration of 30 days after the publication of this ruling in the weekly Treasury Decisions."

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Department of Trade and Commerce

HEAD OFFICE DIRECTORY

This directory is intended as a useful reference for the business man who wishes to consult head office personnel on particular problems. Correspondence should be addressed to the heads of branches or divisions. Local government telephone numbers follow each name. (In Ottawa dial 9, followed by the local; when calling from out of town call the Government, 2-8211, and ask for the local only.)

No. 1 Building, 375 Wellington Street*

	Gov.	Local
<i>Minister:</i> The Rt. Hon. C. D. Howe, P.C., M.P.		3693
<i>Parliamentary Assistant:</i> G. J. McIlraith, M.P.		7042
<i>Deputy Minister:</i> Wm. Frederick Bull	6748-	2326
Executive Assistant: H. A. Gilbert		2380
Trade Policy Adviser: H. R. Kemp		5151
<i>Associate Deputy Minister:</i> M. W. Sharp	2888-	5838
Economic Adviser: O. J. Firestone		4176
<i>Assistant Deputy Minister:</i> Oliver Master		2421
<i>Comptroller-Secretary:</i> Finlay Sim		2262

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<i>Director:</i> V. J. Macklin	5658
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Assistant Director: H. W. Cheney	3058
Assistant Director: L. H. Ausman	6800

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Commonwealth: A. B. Brodie	2144
Europe: K. Nyenhuis	5040
Latin America: A. Savard	7641

Western Representative: L. M. Cosgrave, 355 Burrard St., Vancouver.

Newfoundland Representative: Stott Bldg., St. John's, Newfoundland.

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Administrative Assistant: J. G. MacKinnon	6905

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Token Shipments to United Kingdom: A. E. Fortington	5680

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Export Controls in Other Countries: W. G. Hopkins	6552

Transportation and Communications Division

<i>Director:</i> G. S. Hall	6236
Traffic Section: J. H. Longfellow	7835

* Unless otherwise noted, all offices of the Department are in No. 1 Building.

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Chemicals, Leather, Automobiles and Trucks and Parts: D. Alger	6963

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(Export and Import)

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United States: B. S. Shapiro	8469
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Assistant Director: F. P. Cosgrove	7818

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Assistant Chief: J. T. Hobart	6030

BAFFLED?

by the Export Labyrinth

Exporting isn't too easy these days. Canadian exporters face a maze of trade barriers—foreign currency restrictions and import quotas.

Hard-currency markets—where there is relatively little in the way of import restrictions—are few and far between. Venezuela is one of them.

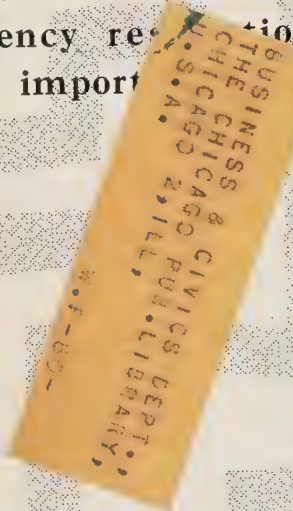
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featuring

the **VENEZUELAN MARKET**



foreign trade

SEPTEMBER 6, 1952



OTTAWA
CANADA



Venezuela: a Dollar Market

Oil . . . Dollars . . . and Opportunities

Forty years ago, Venezuela was an agricultural country, raising cattle, cultivating coffee, cacao and tobacco in an atmosphere surviving from colonial days. Today it is a growing, forward-looking nation of five million people, busy building up industries, improving living standards, and tackling its transportation problems.

Oil made the new Venezuela. The early Spanish settlers saw oil seeping through the soil but not until 1917 did the first commercial well begin to flow.

The industry expanded slowly . . . but the pace quickened with war and postwar demands from oil-hungry countries. Now over 1½ million barrels a day of crude petroleum come gushing from its wells. Venezuela has become the world's second largest producer and the leading exporter of petroleum products.

Oil means money . . . hard currency . . . dollars. Venezuela is one of the half-dozen countries to escape that crippling economic malady, the dollar shortage. It has the money to buy what it desires in the markets of the world. It erects no import barriers, imposes no currency restrictions. Soon the growing iron ore production will boost its dollar income further.

Those dollars spell sales opportunities . . . opportunities for the Canadian exporter. Venezuela needs, and can pay for, hundreds of products that Canada can supply.

This issue of "Foreign Trade" is designed to bridge the gap between would-be seller and potential buyer. Prepared largely by the Canadian Government Trade Commissioner at Caracas and his staff, it reviews the possibilities and peculiarities of this Venezuelan market. We have tried to make it concise, practical, helpful . . . and we present it in the hope that enterprising businessmen will find in it a guide to greater sales.

—The Editor.



foreign trade

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... An oil worker
of the great refineries
Maracaibo symbolizes
industry on which Vene-
zuela's prosperity is founded.
The oil fields provide some 37
per cent of the national in-
come in the form of petro-
leum products in the dollars to
be sold in world markets.
The Standard Oil Co.,

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—Venezuelan Ministry of Education

THERE'S BUSINESS IN VENEZUELA

World traders are turning their eyes towards Venezuela—both as a source of strategic raw materials and as a lucrative market. Bustling Caracas, the capital, reflects the modern tempo characteristic of Venezuela today.

CARACAS—Venezuela offers an attractive yet highly competitive dollar market for Canadian exporters. Though it is only the eighth largest of the 20 Latin American Republics and has a population of just five million, it is quickly becoming more and more important to Canada both as a market and as a source of supply. In 1951, Canadian sales to Venezuela totalled approximately \$27 million. Canadian purchases, mostly of crude petroleum, reached the unprecedented total of \$136 million.

Canadian exporters can gauge the importance of this market by the fact that, during this same year, United States firms supplied Venezuela with goods to the value of \$435 million, covering more than 2,700 different commodities. Venezuela is currently Canada's third best customer in Latin America and occupies second place in U.S.-Latin American export trade. It gives both Canada and the United States most-favoured-nation tariff preference.

Inquiries Received

Venezuela is gradually recognizing Canada as a dependable source of supply. This is evidenced by the number of inquiries received by the office of the Canadian Trade Commissioner in Caracas. The following is a partial list of products recently requested: aluminum products—corrugated sheeting and kitchenware; animal feeds; apples; asbestos; automotive parts and accessories; soft-drink bottles and caps; cardboard; chemicals; codfish; construction materials; canvas duck; shell eggs (mediums); electrical fixtures and fans, electric cables and fittings, electric generating plants; fertilizers; canned foods; canned hams; workmen's gloves; light hardware; hospital equipment; lard; imitation plastic leather; double-boiled linseed oil; office equipment (adding machines, steel filing cabinets, safes, cash boxes); all types of paper products; dried peas and beans; table potatoes; radios; synthetic rubber; cotton textiles; tin containers; toys; fibre and steel conduit tubing; seine twine; wallboard, and wood pulp.

Dollar Exchange Available

As the world's biggest exporter of petroleum products, largely to hard currency areas, Venezuela has an ample supply of dollars to meet import requirements. With local oil production rising steadily in response to a constantly increasing demand from abroad, the country should maintain this fortunate position easily.

Although certain Venezuelan industries such as cement, rayon textiles, brewing and sugar refining have made substantial progress in recent years, Venezuela can still be considered only lightly industrialized. A relatively large percentage of her requirements of finished products must still be imported and only a few commodities are on the restricted list.

The economic policy of the Venezuelan Government in recent years has been called "sowing the oil"—that is, using income from the petroleum

industry to subsidize infant industries. This has encouraged ambitious development plans which are augmenting the demand for foreign products, especially imported machinery and construction materials. Present indications are that, regardless of political changes, these projects will be completed because there is widespread recognition of their importance to the national economy.

Imports in 1951

Venezuelan imports from all sources during 1951 reached a total of approximately \$645 million, an increase of 20 per cent over 1950 and nearly seven times the value of 1939 imports. Foodstuffs, machinery, and metals and their manufactures were the leading groups. This is shown in the table below, which also points up the heavy increase in Venezuelan purchases during the last few years.

Venezuelan Imports by Commodity Groups

(1 Bolivar=Canadian \$0.2937)

	Millions of Bolivares			
	1939	1949	1950	1951
Foodstuffs and beverages	45.3	375.9	383.3	398.4
Textiles	34.9	136.7	138.8	166.6
Animals and their by-products	4.9	13.7	15.1	9.9
Vegetables and industrial derivatives	2.9	20.6	35.4	43.5
Wood, paper, cardboard and manufactures..	5.4	44.6	43.0	59.8
Minerals, glass and pottery	9.3	117.0	86.6	99.8
Metals and manufactures	19.9	445.0	232.4	362.2
Machines, instruments and apparatus	46.9	705.6	522.9	614.2
Chemicals and pharmaceutical preparations	16.8	98.6	105.0	119.0
All other commodities	140.2	283.3	235.6	276.6
Totals	326.4	2,241.0	1,798.4	2,150.2

Note: During the period 1938 to 1951, the Venezuelan price index of imported commodities rose from 100 to 176.31.

Market Characteristics

During World War II and the years immediately following, the United States supplied over 70 per cent of all Venezuelan imports. A definite preference for modern and in many cases ultra-modern American-type goods has thus been built up. The Venezuelan importer has a distinct antipathy to foreign suppliers who regard this market as a dumping ground for inferior merchandise.

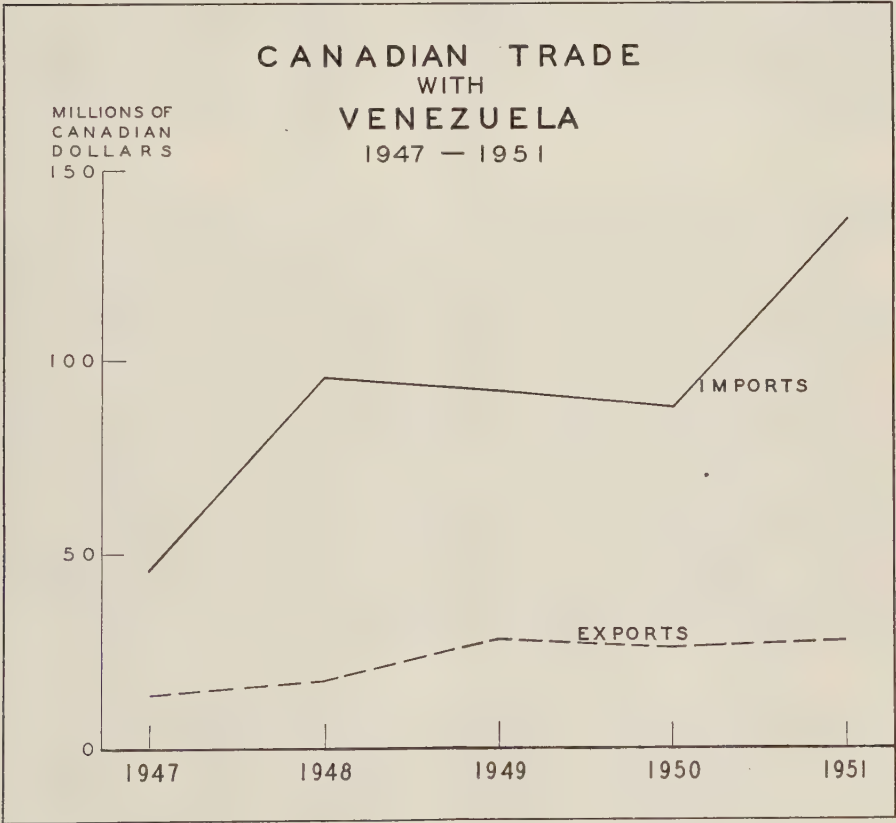
The question of continuity of supply is also most important. Venezuelan firms are reluctant to purchase from foreign suppliers who are prepared to serve them only when the domestic demand in the supplying country cannot absorb the output.

A large percentage of the Venezuelan import trade is handled through commission agents. Topography and concentration of the population divide Venezuela into three marketing areas. Western Venezuela includes the states of Zulia, Falcon, Trujillo, Merida, and Tachira. Agents covering this region generally reside in the city of Maracaibo, the capital of Zulia State. The central marketing area, with the Venezuelan capital city of Caracas as its focal point, includes the Federal District and the

states of Miranda, Aragua, Carabobo, Yaracuy, Cojedes Portuguesa, Lara, Barinas, and Guarico. In Eastern Venezuela the area includes the states of Anzoategui, Bolivar, Monagas, Sucre, Nueva Esparta, Apure, and the territories of Amazonas and Delta Amacuro. Agents covering this latter region usually reside in Ciudad Bolivar or Puerto La Cruz.

The relative importance of these three marketing areas may be judged from the fact that 50 per cent of the Venezuelan population lives in the Central area, 30 per cent in the Western, and 20 per cent in the Eastern area. To sell consumer goods, it is necessary for agents appointed by Canadian firms to cover at least the central and western marketing areas. For products not requiring frequent calls, an agent located in Caracas may prove satisfactory but an additional agent in Maracaibo is desirable.

Another notable characteristic of the Venezuelan market is the exceptionally strong competition. The much-valued dollar exchange readily available in this market has not gone unnoticed by manufacturers throughout the world. Venezuela has, as a result, become a definite buyers' market, able to demand and receive liberal selling terms. Except for very scarce or custom-made merchandise, sight draft, documents on payment is general, with many commodities sold on a 60- or 90-day sight draft basis.



SELECTED LIST VENEZUELAN IMPORTS, 1951
(using approximate rate 1 Bolivar = 30 cents Canadian)

COMMODITY	Metric Tons	Value in Canadian Dollars	Principal Supplier	Import Controls
Oats, all types.....	8,960	1,525,192	Canada	No
Codfish, dried or salted.....	461	252,772	Norway	No
Canned meats.....	524	344,931	Argentina	No
Malted barley.....	18,398	3,333,905	U.S.	No
Other canned foods.....	10,858	6,773,775	U.S.	No
Fresh fruits.....	15,774	4,063,689	U.S.	No
Canned fruits.....	2,247	711,026	U.S.	No
Peas, beans, lentils.....	15,556	2,470,619	U.S.	No
Wheat flour.....	127,921	14,813,880	U.S.	Prior licence against quota.
Shell eggs.....	8,691	5,933,565	U.S.	No
Canned ham.....	2,225	2,848,012	U.S.	No
Canned fruit juices.....	11,400	2,292,774	U.S.	No
Preserved milk.....	32,144	24,839,274	U.S.	Prior licence
Lard.....	3,881	1,563,491	U.S.	Prior licence against quota.
Butter.....	1,833	2,183,213	Denmark	Prior licence
Table potatoes.....	39,044	2,035,969	U.S.	Seasonal prior licence.
Whiskey.....	1,936	2,241,135	U.K.	No
Cardboard boxes.....	3,072	1,055,243	U.S.	No
Cardboard.....	7,646	1,794,546	U.S.	No
Lumber.....	33,001	1,989,524	U.S.	No
Glass bottles or flasks.....	26,304	4,013,362	U.S.	No
Glass, plain.....	6,122	1,089,748	Belgium	No
Aluminum products.....	8,467	5,560,630	U.K.	No
Steel filing cabinets.....	858	607,239	U.K.	No
Nails and tacks.....	1,149	360,139	Germany	No
Copper, bronze, brass.....	7,755	8,134,186	U.S.	No
Lead.....	1,304	586,009	U.S.	No
Iron tubing.....	254,536	46,264,001	U.S.	No
Radios, pickups.....	1,041	3,785,204	U.S.	No
Adding machines.....	91	917,416	U.S.	No
Auto accessories.....	3,514	3,999,807	U.S.	No
Refrigerators.....	5,488	5,920,272	U.S.	No
Caustic soda.....	5,950	578,245	U.S.	No
Electric plants.....	1,332	2,206,603	U.S.	No
Newsprint.....	13,235	1,943,064	Canada	No

Future Prospects Good

The tremendous increase in Venezuelan imports from 1945-51 raises the question whether the present volume is likely to be maintained in the future. It is true that Venezuela, like other Latin American countries, accumulated a backlog of purchasing power during the war years which was not expended until 1949. Unlike many other countries, however, Venezuela's dollar earnings have continued high because of the growing world demand for petroleum products. Local authorities realize that now is the time to put forward a major industrialization effort to reduce economic dependence upon income derived from the export of a single commodity. The requirements for building up Venezuelan national industries, plus the continuing demand for a wide variety of consumer goods, support the belief that the present volume of Venezuelan imports will not only be maintained but will actually increase during the next few years.

—J. A. STILES

Consul of Canada and Trade Commissioner

MARKETS

PAPER PRODUCTS

In demand: newsprint; no. 1 cement-sack kraft, no. 2 wrapping kraft; fine papers; glassine, waxed and greaseproof papers, cellophane; one and two-side coated boards; toilet paper, paper cups and towels.

VENEZUELAN paper production is confined to the output of two mills which manufacture sulphite wrapping paper and a small amount of kraft. Present production is approximately 6,000 metric tons a year, far below national requirements. In addition, there is one factory producing 4,000 metric tons a year of gray and corrugated cardboard. There is no local production of wood pulp and the mills depend on imports, which are currently averaging 350 metric tons of sulphite and 150 tons of sulphate a month.

Approximately fifty Venezuelan firms are manufacturing paper bags, boxes, cardboard cartons, copybooks and other products from local and imported paper. Despite an increasing trend towards local manufacture, however, production of most paper products does not satisfy the domestic demand.

Imports

In 1951 Venezuelan imports of paper products amounted to \$12·6 million Canadian, compared with \$7·4 million in 1950. The table gives a partial breakdown of these imports:

Venezuelan Imports of Paper Products*

Commodity	1950		1951	
	Quantity (metric tons)	Value ('000 Cdn.\$)	Quantity (metric tons)	Value ('000 Cdn.\$)
Paper towels, serviettes	804	317	989	428
Cardboard cartons	2,311	535	3,072	1,055
Cardboard	4,887	954	7,646	1,795
Paper, kraft, wrapping..	2,251	824	2,466	1,450
Paper, toilet	1,782	508	2,066	727
Newsprint	10,525	1,214	13,235	1,943
Other paper products ..	11,971	3,074	14,260	5,249
Total	34,531	7,426	43,734	12,647

*Provisional figures—Venezuelan Ministry of Development.

The Venezuelan market for newsprint has been expanding and in 1951 imports amounted to 13,235 metric tons compared with 10,917 tons in 1947. Canada supplied 80 per cent of Venezuelan newsprint imports in 1951, with the remainder coming from the United States and Sweden.

The rapid development of certain Venezuelan industries such as beer, cement, sugar and food processing, is augmenting the need for kraft paper. The types in greatest demand are the No. 1 cement-sack kraft, and the No. 2 wrapping kraft, both bleached and unbleached. Machine-glazed paper is preferred.

Special Papers

Fine papers are also imported in substantial quantities, with the most popular bond writing paper being the No. 4 base 16 lbs. Smaller quantities of 14, 18, 20, and 24 lb. base are also being used. School copybooks and office correspondence paper are made locally from 14 and 16 lb. base material which is ordered in sheets of 66 cms. by 96 cms. There is also a demand for manifold paper, airmail onion skin paper, and coated book paper. Imports of boxed and printed stationery are limited by a high duty and most of the letterhead used by Venezuelan commercial firms is printed locally on imported paper.

Glassine, waxed and greaseproof papers, and cellophane are becoming more widely used for packaging foodstuffs and making bags.

There is a small market for ledger paper, tag-board for the manufacture of price tags and visiting cards, etc., and manila paper for envelopes. Venezuelans seldom use wallpaper because of the humid tropical climate and the prevalence of insects.

Although there is some local manufacture of corrugated and gray cardboard, the Venezuelan market still requires substantial imports of both one and two-side coated boards, either machine or patent-coated. Newsback boards are imported principally for making shoe cartons but also for packaging foodstuffs, detergents, and pharmaceutical products. Venezuelan importers prefer to receive gray and newsback boards in sheets 70 cms. by 100 cms.

The use of soft and hardboards and roofing papers for construction purposes is increasing. Imports have come principally from Scandinavian countries, with smaller amounts from North America.

Other important Venezuelan imports are toilet paper, shipped in cartons of 100 5-oz. rolls, paper napkins, towels and cups. Paper cups are a heavy volume line in Venezuela and local consumption continues to increase. Restaurants, bars, offices and street vendors of ice cream and beverages are the principal users. Government health authorities are insisting more and more on the use of paper napkins for the serving of food products by street pedlars, bakeries, and restaurants, in an effort to improve local health conditions.

Market Prospects Good

At the present time, the Venezuelan paper products market is well stocked because of heavy purchasing in recent months. However, inventories should soon diminish because of the greater demand created by higher living standards and the post-war prosperity. This demand has not only increased traditional paper imports but has developed a market for many new luxury lines. In fact, the outlook for increased sales of paper products in Venezuela appears most promising.

—J. A. STILES

DRIED SALT CODFISH

Preferred: as thick and white a product as possible, trimmed of skin, and shipped in tin-lined wooden cases.

THE postwar years have seen the demand for imported salt codfish rise rapidly. In 1938, Venezuela imported 93,134 kilograms; in 1951, 460,112 kgs. Figures for the first four months of 1952 show imports still climbing, at 278,656 kgs. The year 1952 should see a record made.

Most persons attribute this market trend to the coming of thousands of immigrants from southern Europe since 1945. Venezuelans do not often eat imported salt codfish and the present market is limited mainly to Spanish and Portuguese expatriates, estimated at approximately 50 thousand families. Some varieties of fish caught in Venezuelan waters are salted and dried—approximately 10 million kgs. annually. The quality, however, is not sufficiently high to compete with the imported product.

Nearly 50 per cent of Venezuelan codfish imports are made two to three months before Easter Week because Lent is by far the heaviest consuming period.

Venezuelan Imports of Dried Salt Codfish

Country	1938		1951		1952 (4 mos)	
	Kgs.	Cdn.\$	Kgs.	Cdn.\$	Kgs.	Cdn.\$
Norway	6,421	\$ 1,059	359,986	\$197,351	223,848	\$121,979
U.S.A.	35,139	7,038	42,805	32,894	41,718	31,744
Canada .....	....	....	30,036	9,345	12,281	5,376
Holland	49,726	8,147	750	305	....	....
Denmark	1,848	460	20,935	9,694	809	642
France .....	....	....	3,125	1,706	....	....
Iceland .....	....	....	2,475	1,271	....	....
Totals	93,134	\$16,704	460,112	\$252,566	278,656	\$159,741

The table clearly shows that Norwegian suppliers have dominated this trade during the past few years. They have shipped principally “choice” quality codfish but also some “standard” grade, with a low moisture content ranging from 35 to 40 per cent. Venezuelan importers definitely prefer the large-size cod, although a few medium sizes have been sold. They like as thick and as white a product as possible, with the nape and shoulders of the fish trimmed of all inedible skin. Trimming not only improves the appearance of the fish but also reduces the dutiable weight; the Venezuelan import tax is approximately 60 cents Canadian per gross kilo.

The customary Norwegian selling term is letter of credit, but shippers from Iceland, Denmark and the United States have been granting sight draft, documents on payment, in order to become established in this market.

Although the tin-lined wooden case is preferred, some members of the trade believe that it is not absolutely necessary. Wooden cases have proved more suitable than wooden barrels.

Because the high Venezuelan duty makes imported salt codfish more expensive than all types of local fish, it is most unlikely that the size of the Venezuelan market will ever approach that of Cuba or Puerto Rico. Nevertheless, since Canadian suppliers are competing successfully in nearby Caribbean centres, they should be able to obtain a greater share of this small but discriminating market by a determined effort to match existing Norwegian quality and selling prices.

—J. A. STILES

CANNED MEATS

Preferred: pear-shaped whole hams, spiced pork meats, pork-beef combinations, corned beef.

THE demand for canned meats in Venezuela comes primarily from three sources: the high-income group which considers quality first and then price; the armed forces and the institutional trade, where quality and price are equally important; and the large low-income group which can seldom afford canned meats and where price is the sole criterion.

Although Venezuela is self-sufficient in fresh meat, there are no meat-canning plants and the country imports its entire supply at a cost of approximately \$4 million a year.

Canned Hams Lead

Hams are by far the most important type of canned meat used in Venezuela and in 1951 imports amounted to almost five million lbs. valued at \$2.9 million. The pear-shaped whole ham is the preferred pack but the two and three lb. pear-shaped tin is becoming more popular. The rectangular can is seldom used and efforts to introduce it have not been successful. Because the refrigerated transport usually needed for canned hams is not available to interior points, most of the sales are in the principal cities of Caracas and Maracaibo and, to a much lesser extent, Valencia, Maracay, and Barquisimeto. In all these centres ham usually appears on the menu of popular restaurants and can be bought at retail stores either ready-sliced or in the tin. The commissaries of the permanent oil camps are also important outlets for this product.

Canadian canned hams enjoy an excellent reputation in Venezuela and if prices became more competitive and distribution better, there is little doubt that sales could rise considerably.

The next most popular items are various types of spiced pork meats, pork/beef combinations and corned beef. These are sold throughout the country in all types of outlets, from modern supermarkets to small corner stores. The rectangular type pack is preferred. The trade advises that sales of specialty products such as canned beef stew, meat balls, sausages

and hamburgers are improving each year but the volume is still so low that many retailers are reluctant to carry complete lines. Meat pastes and sandwich spreads make up the remaining canned meat imports, but here again the demand is small.

Canada Ranks Third

Until recent years the United States was the predominant supplier of canned pork products, including hams, but this situation is changing rapidly and 1951 sales barely exceeded those of the Netherlands. Canada is the third largest supplier but the volume of her shipments declined 40 per cent in 1951, largely because of unfavourable prices. Argentina continues to be the principal source of supply for canned beef products but apparently has a less dominant position today, although verifying statistics are not at hand.

Estimated Venezuelan Canned Ham Imports*

Country	(gross metric tons)		
	1949	1950	1951
United States	1,444	1,189	835
Netherlands	234	404	784
Canada	369	518	230
Denmark	269	208	187
Poland .....	....	36	87
Argentina	89	39	83
Others	16	114	19
Total	2,421	2,508	2,225

* Based on provisional data from the Venezuelan Ministry of Development.

Outlook Favourable

Both the immediate and future outlook for canned meat imports to Venezuela is good. The overall demand is gradually improving; there is little prospect of a local supply, and the dollars to cover imports should be no problem. The strength and prospects of the market are also reflected in the intense competition, particularly from Western Europe. Canada, however, has the advantage of better shipping services and well-established brands, and it appears that if Canadian exporters could offer more competitive quotations, they could obtain a larger share of the market.

—D. B. LAUGHTON

Vice-Consul and Acting Agricultural Trade Commissioner

Indigo to Oil

Before oil was discovered, Venezuela's main industries were the growing of coffee, cacao, indigo, tobacco—and the raising of cattle and horses. Time was when its great plains supported nearly 12 million head of cattle; today there are only about 5·3 million. Coffee and cacao still remain important exports; tobacco-growers supply a thriving domestic cigarette-making industry; indigo cultivation has almost completely disappeared.

ANIMAL FEEDS

In demand: concentrated ready-mixed feeds; heavyweight feed oats, milling-grade wheat.

DURING the post-war years in Venezuela, both the production and import of animal feeds have expanded constantly and the outlook for further development is excellent. The dairy and beef industries have been receiving substantial government aid in the form of tariff protection, low-interest-rate loans, and technical information and advice. The poultry industry has recently been granted similar assistance. The Government's overall policy of expanding domestic production to reduce costly imports of finished agricultural products is evidently to continue.

The consumption of prepared feeds in Venezuela is still low on an animal-unit basis as compared with many countries, but the demand is increasing as farmers become more aware of the advantages. The climate largely limits local production of feed ingredients to adequate supplies of corn, very small quantities of wheat, some types of oilseed meal, and fishmeal. The country will therefore depend upon imported cereal grains and other constituent products for many years.



Creole Petroleum Corp.

Here a Venezuelan peasant threshes his grain in the ancient way—by hoof. The Government is working to raise the standards of agriculture in the country to help expand local food production, reduce imports.

Its substantial dollar income means that Venezuela has no exchange difficulties to restrict animal feed imports from North America. There is, however, a sizable customs duty. Canada enjoys most-favoured-nation treatment and this duty does not affect our competitive position as compared with other foreign suppliers. It does, of course, give a measure of protection to domestic manufacturers.

Concentrated Ready-Mixed Feeds

The domestic supply of this type of feed is dominated by one large Venezuelan company with modern equipment and excellent distribution facilities. This firm seldom purchases through local representatives, but places its orders directly with the supplier. He in turn cables the most favourable c.i.f. price and delivery terms in response to a detailed request. Several small manufacturers purchase through commission agents but these distribute only to producers in their immediate vicinity. In addition, several United States firms are shipping prepared formula foods, although they find it difficult to compete because of the tariff structure. Over 90 per cent of the total consumption of ready-mixed feeds in Venezuela is accounted for by dairy and poultry rations.

Venezuelan Ready-Mixed Animal Feed Production

Year	Total Production	(‘000 metric tons)				
		Type of Ration				
		Dairy Cattle	Horse	Pig	Poultry	Misc.
1944	999·8	902·6	34·1	26·4	25·8	1·9
1949	13,697·7	9,816·0	987·5	232·0	2,443·7	218·5
1950	15,792·6	9,980·3	1,231·0	231·2	4,120·9	229·2
1951	18,117·8	10,074·8	935·7	173·6	6,669·5	264·2
	(100%)	(55½%)	(5%)	(1%)	(37%)	(1½%)

Source: Ministry of Development, Caracas, Venezuela.

Oats

In addition to the oats imported as an ingredient for ready-mixed feeds, a strong demand exists for specially selected, heavyweight feed oats for racehorse and riding-club stables and also for army cavalry units. Usually this trade is handled by local commission agents who will combine several orders into one shipment payable against sight draft. In many cases re-cleaned 44 to 46-lb. test oats in 7½ or 10-ounce new jute sacks is the specific request.

Barley

Annual imports of barley have not exceeded 50 tons in recent years and, because Venezuela produces adequate supplies of corn, an increase in demand seems unlikely.

Estimated Venezuelan Animal Feed Imports*

	Concentrates	(short tons)		Wheat	Mill Feeds	Hay
		Oats	Barley			
1949	2,200	2,800	12	200	500	400
1950	4,300	3,300	50	900	1,000	500
1951	5,300	5,000	50	2,100	600	400

* Estimates based primarily on export statistics of principal supplying countries (U.S. and Canada) in absence of Venezuelan data.

Quantities of wheat imported have gone up rapidly in the past three years, probably as a result of the expanding demand for prepared poultry

feeds. Another factor has been the declining wheat production in the Andean states. This has meant the import of 300 to 400 tons of milling-grade wheat annually to keep the few small mills operating.

Mill Feeds

The small volume of mill feeds imported by Venezuela consists largely of wheat bran and is taken principally by the feed manufacturers. One reason for the lack of demand is the high ocean freight charges applicable to bulky products.

Hay

All indigenous Venezuelan grasses are very low in protein, particularly in the dry season, when most varieties contain less than 1 per cent. During this period there is a limited demand from breeders of purebred cattle and racehorse owners for a top-quality alfalfa or mixed alfalfa/grass hays. These commodities are usually supplied through local commission agents representing exporters in the United States and Canada.*

—D. B. LAUGHTON

* Hay and straw imports to Venezuela are prohibited until Venezuela declares Canada free of foot and mouth disease.

DRIED PEAS AND BEANS

Preferred: black beans, whole green and yellow peas, split green and yellow peas, red or red-speckled kidney beans, peabeans, chickpeas, habas or lima beans.

THE annual production of peas and beans in Venezuela has increased from an estimated 18 thousand metric tons in 1947 to 40 thousand metric tons in 1951. Of this, approximately 90 per cent was black beans. Despite this marked expansion, demand has outpaced supply and Venezuelan statistics for 1951 show that imports of dried peas and beans amounted to 15,500 metric tons for a value of over \$2.5 million. The principal suppliers were the United States (71 per cent) and Brazil (16 per cent), with 15 other countries sharing the remainder. The trade estimates that whole and split peas account for possibly 80 per cent of the total volume of these imports.

In the absence of a detailed statistical breakdown, the Venezuelan demand, in order of preference, is estimated as follows: black peas, whole green and yellow peas, split green and yellow peas, red or red-speckled kidney beans, peabeans, chickpeas, and habas or lima beans. Black beans are the most popular throughout the country, but various marketing centres have developed individual preferences. For example, Caracas and the Federal District favour split green peas but Maracaibo and the surrounding district seem to prefer split yellow peas.

For most types of peas and beans, the age and tenderness of the produce is not important. The significant quality factor is the general appearance—homogeneous size and colour, lack of insect damage or broken pieces, and freedom from foreign material. This is not true for black beans, however, which in addition must be reasonably soft and capable of quick cooking.

Venezuelan Imports of Dried Peas and Beans

Country	metric tons (2,204 lbs.)			
	1948	1949	1950	1951
United States	1,903·4	1,987·1	6,196·8	11,249·4
Brazil	0·0	100·8	2,273·6	2,538·2
Netherlands	9·6	4·7	11·1	464·8
Cuba	0·0	0·0	0·0	453·6
Chile	766·7	580·1	927·1	167·1
Portugal	15·7	83·8	55·5	159·4
Canada	0·0	2·2	77·3	6·2
Costa Rica	141·1	1,101·0	1,799·1	0·0
Others	120·5	140·4	1,124·8	517·3
Total	2,957·0	4,000·1	12,465·3	15,556·0

Source: Ministry of Development—Statistical Bulletin, January 1952.

The food trade in Venezuela buys many foreign products on the basis of the exporting countries' grade standards. In peas and beans, however, it seems to prefer to purchase against samples forwarded with c.i.f. prices in U.S. dollars. To stand up to rough port handling, new 7½ or 10 ounce jute sacks are preferred, though good used sacks are often accepted. Sight draft is the invariable selling term and usually the agent's commission of 3 per cent is included in the quotation.

The United States is the predominant supplier of peas and beans partly because of the aggressive selling methods employed. One company in particular circulates to potential purchasers a weekly airmail bulletin in Spanish, listing the various types of peas and beans available, with both f.o.b. and c.i.f. prices in U.S. funds. When orders are placed, they are often acknowledged by a cable which, in addition, gives shipping details. The documents are carefully made out and forwarded by air to avoid delays in obtaining customs clearance.

The outlook for the sale of dried peas and beans in Venezuela appears most favourable. Domestic production cannot supply the varieties demanded, the products are essential in the diet of the low income groups, and dollars to buy them from North America are on hand. As long as these conditions prevail, aggressive Canadian firms should be able to obtain a larger share of this market.

—D. B. LAUGHTON

Columbus to Bolivar

Christopher Columbus discovered Venezuela in 1498, on his third western voyage; sailed along the coast and into the Orinoco delta. The name "Venezuela" was first given by a Spanish explorer, Alonzo de Ojeda, to an Indian village on the shores of the Gulf of Maracaibo. From 1550 until the revolt under Simon Bolivar, a native of Caracas, in 1810, Venezuela was a Spanish colony.

AUTOMOTIVE PARTS AND ACCESSORIES

In demand: batteries, ignition equipment, spark-plugs, brake linings and fluid, leaf and coil springs, universal joints, tie rods, clutch plates, king bolts, motor bearings, piston rings, window glass; accessories, such as chrome wheel rings, extra lights, seat covers, radios; cleaners.

THE number of automobiles and trucks in Venezuela has increased steadily since 1946 and the resulting market for spare parts and accessories depends almost completely on imports. In 1951 vehicle registrations were 139,300, including 74 thousand passenger cars, 3,800 buses, 34 thousand trucks and 23,700 panel deliveries. Many families now consider a private car a necessity and expensive models are a favourite possession of the wealthy. Most taxi-drivers can afford late-model cars because taxis are used extensively in the central sections of the cities to avoid traffic congestion and parking problems. Inadequate rail transportation means that freight haulage throughout the country is principally by truck. Over 130 fleets of ten or more trucks are in operation.

Canadian and American exporters of spare parts and accessories are in a favoured position to supply this market because approximately 85 per cent of all vehicles are imported from the United States and Canada. The remainder consists principally of English cars, although French and Italian models are on sale and a distributor was appointed in July 1952 for the German Volkswagon.

Spare Parts and Accessories

Venezuela's imports of spare parts and accessories amounted to \$4 million in 1951. This figure excludes tire and tube imports from traditional exporters which total over \$5 million a year. Tires and tubes are also produced locally by a subsidiary of an American company.

Batteries are an important replacement part because local driving conditions lower battery life considerably. Some Canadian brands are already well established in this market. Other spare parts, in order of importance, are: ignition equipment, sparkplugs, brake linings and fluid, leaf and coil springs, universal joints, tie rods, clutch plates, king bolts, motor bearings, piston rings and window glass. Parts are usually replaced rather than repaired; skilled mechanics are scarce and maintenance standards below those of North America.

Detailed import statistics are not available, but the trade advises that there is a good market for automotive accessories. De luxe models are preferred and any accessories that add to the style or distinction of a car are welcomed. Taxi-drivers are among the best customers for accessories. Chrome wheel rings, extra lights, grill guards, and mirrors are favourite exterior adornments, and seat covers, cushions, steering wheel covers and

radios are standard interior additions. The finish of a car needs protection from the tropical sun and cleaners and polishers of all types sell readily. Any attractive or useful accessory will find a good market in Venezuela.

Sales Methods

Although distributors of American auto manufacturers maintain stocks of spare parts and accessories purchased directly from their principals, business prospects for the independent exporter are good. The appointment of a commission agent in Caracas for central and eastern Venezuela, and another in Maracaibo for the western states, seems preferable to an exclusive distributor arrangement. Some wholesalers will act as distributors but only for a product which sells by its trade name and advertising, rather than by personal sales promotion.

The commission agent requires an up-to-date catalogue with simple installation instructions, preferably in Spanish. Cross-reference charts should be inserted for different makes and years. Agents may request various trade discounts because their clientele includes garages, trucking operators, wholesale and retail stores. Terms are usually sight draft with documents, acceptance of draft after arrival of shipment in port. Customers are careful to maintain their credit so that future orders will be accepted on these terms.

Prospects Are Promising

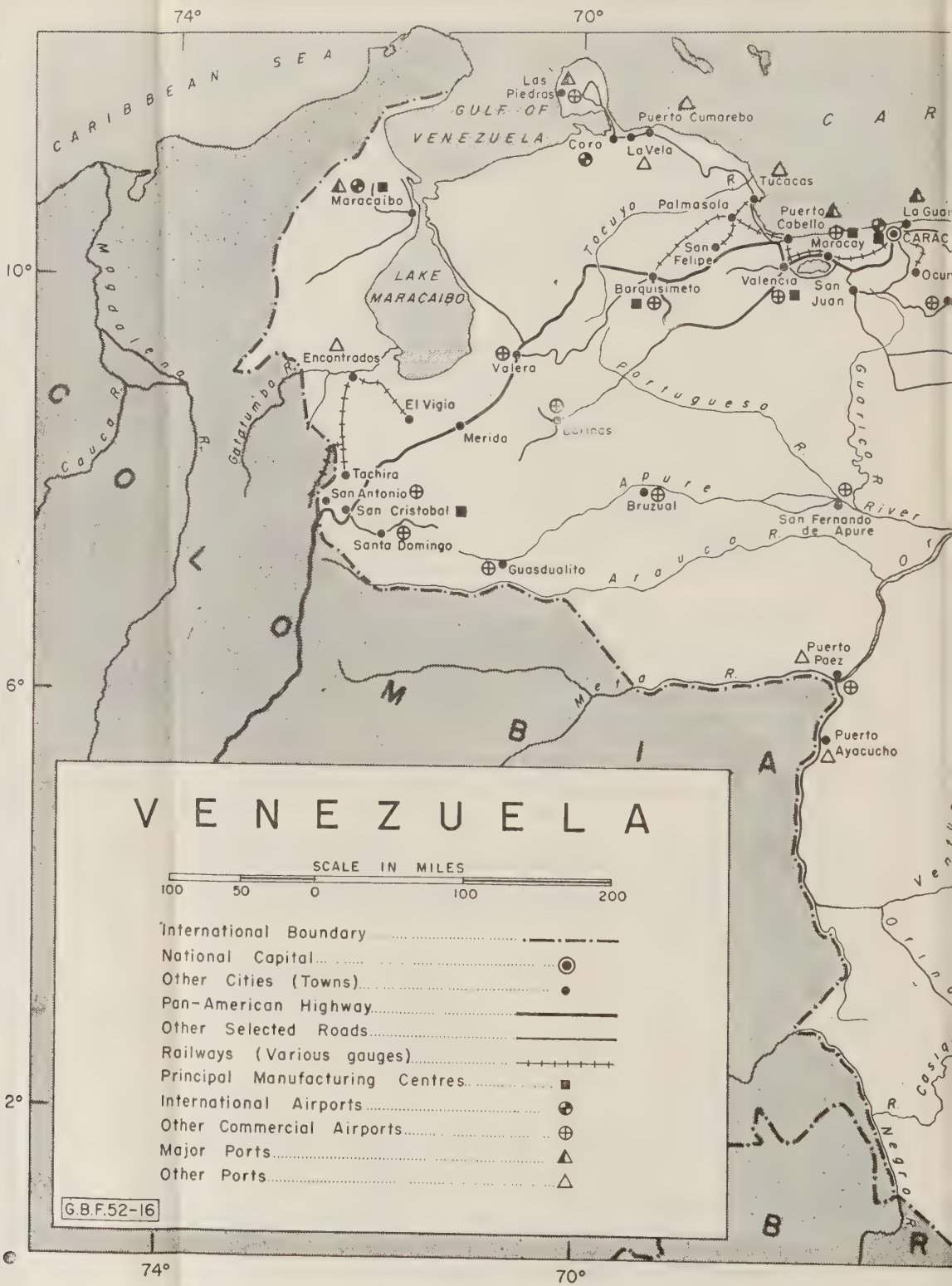
Canadian suppliers of automotive parts and accessories may consider the present volume of business in Venezuela small compared with the domestic market, but prospects are promising. Everything is being done in Venezuela to increase the use of automotive power. Road construction has for many years received priority over railway development and there have been extensive highway improvements during the last four years. Municipal governments are relieving traffic congestion and parking problems in the cities. Gasoline is cheap because of the tremendous oil development, and dollars are freely available to purchase the many different types of automobiles which are sold and serviced in Venezuela. All this means that automobile registrations will certainly continue to increase and a greater demand for spare parts and accessories is the logical result.

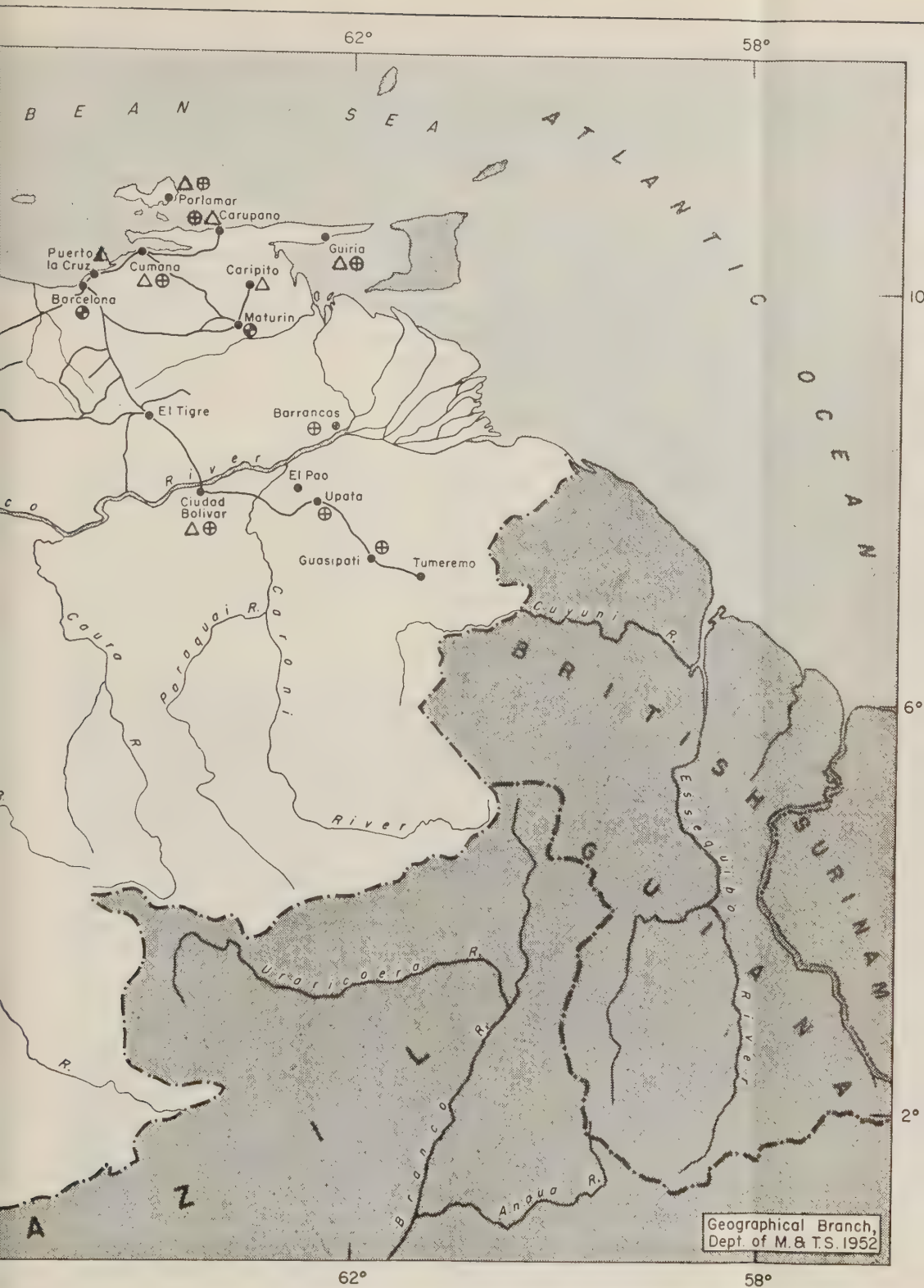
—F. B. CLARK

Vice-Consul and Assistant Trade Commissioner

Dredging Maracaibo

Important project now being promoted in Venezuela is the dredging of the Maracaibo sandbar and the consequent opening of Lake Maracaibo to ocean-going vessels. Large oil tankers could then enter the Lake, centre of one of the most important oilfields. At present, the larger part of the Venezuelan crude is refined at Aruba and Curacao.





TEXTILES

In demand: cotton shirting, sheeting, piques, and printed cottons for dresses; rayon gabardine, lingerie rayons, rayon crepes.

TEXTILE manufacturing is one of the oldest and most important industries in Venezuela. Domestic mills and factories now produce yarns and threads; a variety of cotton, rayon, and woollen fabrics; piece goods, and garments. Yet despite increasing domestic production, imports of cloth in 1951 amounted to over \$25 million because of lower prices in competitive lines and a constantly increasing market.

Domestic Production

There are ten cotton mills in Venezuela and some of the largest have complete facilities for cleaning, mixing, carding, spinning, weaving and finishing. Most of the mills have been modernized since the war with automatic American looms and finishing equipment. A total of 63 thousand spindles and 2,500 looms gives employment to over 3,000 workers. The Venezuelan Development Corporation, a government organization, operates the largest mill with a monthly production of 380 thousand metres. Principal products of the national industry are drills, calico and coarse woven cotton. There is no production of fine-count yarns or canvas.

The first rayon mill in Venezuela was opened in 1939 and in 1948 an American subsidiary constructed a large mill in Maracay. This firm now has 230 looms in operation and 1,000 metres of rayon fabrics are produced each hour. It employs over 900 workers in the complete operation. Producers conform to local consumer preferences with attractive patterns of fine-quality rayons, including taffeta, satin, sharkskin, men's wear fabrics and mixtures with cotton and wool. Total rayon production in 1951 amounted to 20 million metres, compared with 12 million in 1950, which itself was double the production of 1949.

In 1951 imports of staple fibre and filament yarns for the rayon mills amounted to \$6,628,000. The United States was the principal supplier, followed by the Netherlands, Switzerland and Italy. The Celanese Corporation of the United States will open a new plant in Venezuela this year, to produce enough spun rayon to supply the present production of rayon fabrics.

Because of the temperate or tropical climate in Venezuela, the production of woollen textiles is confined to lightweight gabardines, worsteds, small amounts of wool cloth for women's dresses and coats, and black cloth for formal wear. All these materials are produced by two small mills and only one has the facilities for carding and spinning worsteds

and woollen yarns from raw wool. The other mill is primarily a rayon producer but 120 thousand metres of woollen cloth are woven each year from Swiss and English-dyed yarn.

Nylon production is confined to one factory manufacturing some 6,000 dozen pairs of stockings a month. Another company will be operating before the end of the year and the combined production should be sufficient to supply the market.

Venezuelan Textile Production

Product	1946	1949	1950	1951
Drill (metres)	7,357,873	6,734,283	3,604,477	4,870,817
Gray cloth (metres)	2,879,942	1,096,728	1,436,445	2,794,659
Fabrics, cotton (metres) ..	11,801,044	5,975,633	4,179,162	3,387,478
Fabrics, art silk (metres)	1,520,198	6,373,059	12,472,309	19,910,437
Cashmeres, wool (metres)	111,641	111,045	97,102	124,115
Fabrics, wool (metres) ..	94,865	108,436	130,316	362,498
Knitwear, cotton (kgs.) ..	281,205	235,601	113,120	138,617
Knitwear, silk (kgs.)	36,539	178,592	144,374	142,074

Imported materials are considered more fashionable and of better quality for the luxury trade and, where price governs a purchase, local materials cannot compete because of high unit costs and small production runs. Imports of cotton fabrics, however, cannot exceed a quota of 3,500,000 kilos for the year ending December 31, 1952. Of this amount, 2,250,000 kilos is allocated to wholesalers and the remainder may be purchased directly by the garment manufacturers. This is a reduction of 1,500,000 kilos over 1951 but it is reported that this year's quota may be increased should the need arise. Since imports of a wide classification



Creole Petroleum Corp.

A Venezuelan girl at work in a rayon mill at Maracay, owned by a U.S. company. Textile manufacturing ranks as one of the most important and oldest Venezuelan industries, but textile imports are still needed.

of coarse cotton materials known as drills are prohibited, shirtings, sheeting, piques and printed cottons for dresses are the principal fabrics imported within the quota.

Despite the high level of national production for artificial silks, imports amounted to over \$5 million in 1951. The volume reflects the increased demand for this type of material, because duties are high and merchants must purchase one unit of local production before an import licence is granted for purchase of two units abroad. In imported rayon piece goods, the demand is primarily for gabardine, lingerie rayons and rayon crepes.

Worstedes receive the same protection as rayon and the decided preference for British worsteds has caused heavy wholesale and retail inventories of the necessary purchases from the two Venezuelan mills. Linen is not affected by quotas nor high duties and large quantities come in for making men's tropical suits.

Imports of Fabrics (Unmanufactured), 1951

Description	Kilograms	Bolívares
Cloth, cotton printed	1,722,748	19,956,417
Cloth, artificial silk	1,132,143	17,712,128
Cloth, cotton white	1,176,839	12,270,641
Cloth, cotton dyed	1,026,669	11,762,317
Cloth, wool	280,732	10,563,727
Cloth, linen or mixed	375,557	4,881,668
Canvas	570,135	4,127,221
Hemp, fabric	447,338	1,371,772
Felts	96,985	956,142
Fabric, pure silk	2,186	143,765

Principal Suppliers

The United States supplies 75 per cent of the imported cotton fabrics, most of the rest is divided between Mexico, England and Japan. Seventy per cent of all rayon materials are received from United States, 15 per cent from Italy, and the rest from several countries. England is the traditional supplier of woollens and worsteds.

In 1951 Canadian exports of cotton and rayon fabrics to Venezuela amounted to \$268,160 and \$75,680, 2 per cent and 3.5 per cent respectively of the total imports. Imports from Canada of linen, canvas, woollens and worsteds were unimportant.

Venezuelan textile imports are almost exclusively sold by commission agents who supply the demand for fine quality materials, seconds at bargain prices, and end-runs of patterned fabrics. It is likely that the trade will continue to import these types for some years to come.

—F. B. CLARK

Transportation Note

Because the country is cut in two by the Andes and by the coastal chain of mountains, Venezuela has always faced a difficult transportation problem. The Orinoco River and its many tributaries offered the chief means of internal transport in early days; now the coming of the air age has helped to link the coastal cities with towns and villages in the interior. Roads connect the ports with most parts of the country but the railway has never been an important economic factor.

CONSTRUCTION MATERIALS

In demand: glass, plumbing fixtures, electric wiring, venetian blinds, awnings, air conditioning units, steel construction rods, asphalt roofing paper, aluminum and steel window frames.

VENEZUELA has experienced an amazing construction boom during the last seven years and building activity continues high. From the expanding oil industry come both private capital and government funds to finance an ambitious future construction program. Contractors must depend on imports for a wide variety of building materials not produced in Venezuela and also as a supplement to local production. Caracas, the capital, will remain the showplace of the nation but important structures are planned for other major cities throughout the country. Modern architecture predominates and the striking design of houses, schools, hospitals, public buildings and even the new university contrasts vividly with the Spanish colonial style, once universal. A wide range of architectural ideas is possible and practical because of the climate.

Government-Sponsored Enterprises

One of the principal government projects under construction is the "Avenida Bolivar", a main thoroughfare with clover-leaf intersections traversing the city of Caracas. Work commenced in 1949 and when completed in 1955, it will ease the traffic congestion considerably. Office buildings with stores at surface level are being erected on both sides of the thoroughfare and a 1,600-car parking lot is included in the overall plan.

Another important undertaking is the huge new University City in Caracas. It will consist of seven groups of buildings to house the various faculties, as well as a hospital, stadia and student residences. New public schools and other hospitals are also planned, and vast improvements to the airport terminal for Caracas and to the nearby port of La Guaira are already under way.

The Government has also authorized funds for construction projects in other Venezuelan cities. For the fiscal year ending June 30, 1953, over \$8 million is allocated to begin five important buildings in Maracaibo, the oil and trading centre of western Venezuela. These are a 600-bed hospital, a consolidated school for 1,100 students, a modern prison, a community health centre, and an office building to be used as a trade union headquarters. Two sanatoria are under construction in provincial cities and several schools and health clinics are planned for other interior centres.

Although the number of commercial buildings such as retail stores and office blocks will soon reach saturation point, ample investment capital still appears to be available for new construction because of the



—Venezuelan Ministry of Public Works.

This viaduct, in which Canadian Douglas fir is being used, is one of three on the breath-taking highway now being built between the port of La Guaira and Caracas. The road rises some 3,000 feet in 17·3 kilometres; has 395 curves and sharp bends. It cuts the time to Caracas to 12 minutes.

attractive returns which have been realized. The number of building permits decreased slightly in 1951 but the value was up because of higher building costs. Two modern hotels of 400 and 300 rooms are being constructed in Caracas and Maracaibo, and increased commercial travel and tourist trade promotion have fostered hotel projects for other cities, including Barquisimeto, Puerto Cabello, and Ciudad Bolivar, the trading centre for the iron ore area.

The Creole Petroleum Corporation, a Standard Oil Company subsidiary and the largest oil company operating in Venezuela, is awaiting assurance of structural steel supplies for a new office building in Caracas which is to cost approximately \$8 million. Business is moving eastward in the capital and many companies are selecting sites for more spacious and suitable headquarters. One private electric utility company has planned a new office building in eastern Caracas with sufficient space for 100 offices, a two-storey underground garage, and a cafeteria.

The postwar housing shortage has eased considerably for families who can afford to buy a house at the present high prices. Private speculators favour large, magnificent homes as a form of investment and eventually they realize profitable sales. New sub-divisions have been opened in Caracas and there are now over thirty suburban districts with picturesque homes and gardens, and many new houses building. The shortage of private housing for purchase is now more severe in the cities of Maracaibo, Barquisimeto, and Valencia than in Caracas, but houses for rent are still scarce and cost from \$300 to \$500 a month.

One of the public banks administers workers' housing projects for the Federal Government. Over 4,000 units are being built each year in various cities and five centres have already been completed. Each one is a self-contained suburb, including playgrounds, schools and theatres, and zoning of business sections. Building designs are modern and practical and the architecture varies with the style of the adjacent city. Initial and monthly payments for these houses are low, with a consequent demand far in excess of supply. Many families must still remain in small homes without any modern conveniences.

Materials Imported

The construction boom since the war and the many projects still to be carried out have encouraged local production of building materials. Where output shows signs of covering national requirements, there is usually government protection. Venezuela is now self-sufficient in bricks, floor and roof tiles, wooden doors and window frames. National production of cement will soon equal demand and, although steel construction rods, asphalt roofing paper, aluminum and steel window frames are available from local companies, imports are needed to satisfy the demand.

The remaining construction materials—a considerable range—and builders' hardware must be obtained from foreign suppliers. Glass is a major item because large windows and glass doors are popular and practical for the Venezuelan climate. Additional plumbing fixtures and connections have to be imported for the customary two or three bathrooms in private residences. The modern-type lighting fixtures and electrical appliances require extensive wiring with many outlets. Venetian blinds and awnings are normally installed to shut out the tropical sun. Sales of air conditioning units for homes and offices are increasing.

Conditions of Sale

Many exporters of building materials are competing for the available business in Venezuela, which has no currency restrictions nor import control. Canadian price quotations must compare favourably with the competition, even though a better quality product may be offered. Early delivery is sometimes the most important condition of a purchase order to prevent delay in a work contract.

The most satisfactory method for selling imported building materials in Venezuela depends on the type of product. Commission agents having samples, specifications, prices and trade discounts can sell builders' hardware most effectively. Other products such as venetian blinds, bathroom fixtures and kitchen equipment should be sold through an exclusive distributor who may request some assistance in local advertising. It is often difficult to trace the authorized purchaser of materials and equipment for big construction projects. Some building contractors are large foreign firms, and when they are responsible for purchasing, orders are frequently placed through their offices abroad.

The rapidly developing oil industry has expanded national income and more private capital is available for local investments. For the first time in many years, foreign capital may soon be used to assist government-sponsored projects. Canadian firms able to export building materials and construction machinery should certainly consider these very favourable business prospects.

—F. B. CLARK

Maracaibo as a Distributing Centre

THE city of Maracaibo, second largest in Venezuela, is the principal distributing centre for a distinct marketing area comprising the five Western Venezuelan states of Zulia, Falcon, Trujillo, Mérida, and Táchira. Geographically, this region is separated from the rest of the country by a range of the Andes mountains (with some peaks as high as 15,000 feet) which runs from the Colombian border northeast to the Caribbean Sea. The road transport systems and air services originating from Maracaibo and extending through the Andean States tend to foster this area's commercial independence, as do the shipping facilities serving this region.

The port of Maracaibo, located on the western side of the entrance to Lake Maracaibo, is the entry point for practically all imported merchandise for cities in western Venezuela and for certain Colombian towns on the Venezuelan border. Similarly, exports from this area generally pass through the port of Maracaibo. Another influential factor in the integration of this region has been the growing desire of the population to handle its own affairs.

According to the 1950 official census, the combined population of the states of Zulia, Falcon, Trujillo, Mérida, and Táchira is approximately 1½ million. Of this, some 254 thousand are concentrated in the city of Maracaibo and the immediately surrounding district, with the remainder distributed throughout the Andean States. Apart from Maracaibo, the principal centres are San Cristóbal (56,000), Coro (28,000), Mérida (25,000), Valera (21,000), and Trujillo (12,000). As San Cristóbal is close to the Colombian border city of Cucutá, there is considerable commercial traffic between these two centres.

Expanded with Oil Industry

The population of Maracaibo has doubled in the past ten years. The city itself has expanded rapidly to keep pace with the needs of the area stemming from the greatly increased oil production and refining capacity. This expansion has been particularly marked during the past five years, when imported materials have once again been freely available from abroad. New commercial buildings, hotels, supermarkets and private dwellings have been built at a surprising rate. There is no sign of this activity abating. The recent announcement by the Venezuelan Government of its intention to go ahead immediately with the dredging of the shallow channel which connects Lake Maracaibo and the Caribbean Sea to permit the passage of deep-draft vessels, and the continuing heavy export demand for Venezuelan oil, indicate that Maracaibo will continue its rapid development during the next few years.

A natural result of this expansion in the Maracaibo district is the desire of local firms to import directly or to purchase through Maracaibo

agents. In the past they relied heavily on the infrequent visits of representatives of foreign firms located in Caracas. Now, because of the expanded market, it is very difficult for resident Caracas agents selling food and consumer goods to cover this region thoroughly. It may, however, still be satisfactory for lines requiring only periodic calls. Other things being equal, Maracaibo importers are tending more and more to favour an agent who can be reached on short notice and whose own prosperity will assist in developing the community. Canadian firms exporting food and consumer goods would do well to consider dividing their Venezuelan representation with this point in mind.

Sales Opportunities

There are many current sales opportunities for Canadian firms in western Venezuela, provided a determined effort is made to meet price, quality, and delivery date competition from the United States. There is an important market for automotive spare parts because truck traffic is the only means of freight transportation, excluding a small amount of air cargo, and the difficult mountainous terrain in the Andean district means extraordinary wear and tear on vehicles. There is also a propensity among the local populace for accessories such as fancy horns, fog lights, and chrome decorations. Lack of an appreciation of the value of maintenance and inadequate servicing facilities add to the need for new automotive spare parts and accessories.

There is a steady demand for a great variety of imported food products, although the city of Maracaibo and district must be distinguished from the rest of the western Venezuelan states. Because there is a strong American and European influence in Maracaibo, luxury items can be sold. In the Andean region, only essential foodstuffs find a market because the majority of the population, particularly the rural dwellers, live at a subsistence level with a very low cash income. For example, whereas in Maracaibo almost every important foodstuff dealer handles canned hams, this product is little used in San Cristóbal. Flour, rolled oats, powdered milk, and the cheapest forms of canned meats are sold throughout western

One of the principal streets in Maracaibo, the oil and trading centre of western Venezuela. Expanding oil production in the area has doubled the city's population in the last ten years.



Venezuela. So are many varieties of dried beans and peas. Soft drinks and local beer are the principal beverages sold in the Andes and there is a small per capita market for imported liquors. On the other hand, liquor consumption in Maracaibo corresponds to the demand in Caracas on a per capita basis. Other imported food items which sell well and which Canadian firms could supply are apples, table potatoes, bran, lard, and medium eggs.

In construction materials, there is a constantly increasing demand for corrugated aluminum sheeting. This product has a variety of uses in Venezuela, including fencing, roofing for even the poorest homes, and general construction work. Imported iron reinforcing rods are widely used, so are galvanized iron pipes, electric wires and cables, hard and soft wallboard. Almost all exterior construction is of locally-made brick, tile and cement. Little lumber is used except for doors and window frames which are made from local timber. There is a small demand for imported plywood.

Other products currently in demand and of interest to Canadian suppliers are light hardware, soft drink bottles and caps, low-priced crockery, electrical fixtures, lamps and fans, unassembled aluminum venetian blinds, double-boiled linseed oil, and paper products such as towels, napkins, cups, toilet paper, wrapping paper, bond paper, milk containers, and cardboard food cartons.

Competition Keen

Because dollars are readily available in Venezuela and there are comparatively few import restrictions, competition among foreign suppliers is exceptionally keen. Firms contemplating entering this market should therefore be prepared to quote their lowest prices and most liberal selling terms to achieve a volume of sales. Canadian exporters prepared to consider these trading conditions should take advantage of the many business opportunities today in western Venezuela.

—J. A. STILES

Mining Story

Gold and copper were among the first metals worked in Venezuela; production of copper has practically ceased and gold production has dropped sharply. Mining spotlight falls now on the iron ore developments south of the Orinoco River. The Iron Mines Co. of Venezuela, a Bethlehem Steel Corp. subsidiary, has since 1945 been exploiting some 19 concessions situated near El Pao; hopes eventually to produce about two million metric tons a year.

April 1947 saw the discovery of a new field at Sierra la Parida, 60 miles south of Ciudad Bolivar. Here engineers have drilled 100 holes into the two mountains, La Frontera and Cerro Bolivar. They have proved existence of reserves of 500 million metric tons of ore; are preparing to undertake large-scale mining in 1953. Work is proceeding on mining facilities and the building of a highway to Puerto Ordaz, 98 miles away at the junction of the Caroni and Orinoco Rivers. Puerto Ordaz will become a thriving town and main shipping point.

Financing Exports to Venezuela

The exporter just entering the Venezuelan market should not offer open account terms but stick to sight draft with documents on payment.

CASH with the order or letter of credit terms are now extremely difficult to obtain for payment of export sales to Venezuela. The cost of short-term capital is high and the keen competition among foreign suppliers in this market makes it easy for the importer to insist on more liberal selling terms. This is particularly true for quotations on items regularly delivered, such as foodstuffs and consumer goods. Made-to-order equipment and heavy machinery in short supply are possible exceptions.

Open account terms as an alternative to cash in advance or letter of credit are not customary because of the risk. After a trial period of business with reputable Venezuelan firms an open account may be considered. But new exporters to Venezuela should maintain some control over their goods until they receive payment by sight draft, documents on payment.

Four important points must be carefully considered in sales to Venezuela made by sight draft, documents on payment:

- The Customs Law prohibits bills of lading made out to the order of the shipper; a definite consignee in Venezuela must be named.
- According to Venezuelan law, the consignee becomes the owner of the goods once they have entered Venezuelan waters.
- Only six days, excluding Sundays and holidays, and including the day that port authorities board the ship, are allowed for the presentation of documents to initiate customs clearance. After this, fines accrue at the rate of ten bolivares for the first day and five bolivares for each succeeding day up to two months. Customs storage charges also begin to accumulate after the free six-day period at the rate of 2 per cent per month on the invoice value for the first four days. After that time, 10 per cent per month is assessed on the number of days before clearance, including the first six, up to a total of two months. At the end of this period the goods are by law subject to seizure and sale at public auction by the customs authorities. Exporters can petition the Government for any balance realized after deduction of duties, storage, fines and auction expenses.
- It is the trade custom of Venezuelan importers to consider that a sight draft is not payable until the shipment has actually arrived in port. Although this interpretation is not in accordance with the generally accepted meaning of sight draft terms in most countries, it is accepted by commercial banks and traditional exporters to Venezuela.

Avoiding Risks

Exporters will realize the risks involved in the above laws and trade customs and the common practice of naming a bank as consignee cannot be suggested as a remedy. With the exception of air freight and parcel

post shipments, banks in Caracas and interior commercial centres are reluctant to act as consignees. They do not have the facilities for exercising necessary control and avoid it by charging high rates for this service and asking for a guarantee of all possible charges. Banks in Maracaibo occasionally act as consignees because customs agents are not as widely used there as in other Venezuelan centres.

Usual Protection Absent

When a sight draft with documents attached is forwarded to a Venezuelan bank, the exporter does not receive the protection which these terms ordinarily provide. Delivery of the merchandise without payment of the draft is actually possible because the consignee can receive the merchandise by instructing his customs broker at the port of entry to place a bond with the customs authorities equal to the invoice value, and pay a small fee for a copy of the consular invoice. The customs broker must produce the original documents within 90 days or forfeit the value of the bond. The exporter can then apply for this amount to the Director of Customs through his agent or lawyer in Venezuela and, though payment is assured, the process usually requires six months.

Clearing shipments by posting a bond was formerly used by some firms as a means of obtaining an extra three months' credit. The Venezuelan Government therefore introduced a law in October 1950 which forbade customs officials releasing shipments without the presentation of original documents, provided that the shipper had clearly marked in red on the consular and commercial invoice: *"Embarque contra documentos mediante pago giro a la vista enviado al Banco....."* (Shipment against documents, payment by means of sight draft sent to Bank.)

This procedure is considered unnecessary by Venezuelan companies of good commercial standing and, although importers without funds to pay the draft cannot receive the merchandise by posting a bond, charges accumulate until clearance is arranged through some other firm at the expense of the exporter. For these reasons the new law is not too effective in practice.

Broker as Consignee

One frequently used alternative is to designate a customs broker in the port of entry as consignee, indicating this clearly on the controlling documents, as well as showing the actual purchaser as the "ultimate consignee". The documents are then sent to the broker airmail (the carrying steamer is often too slow because of internal mail delays), and a clean draft is drawn on the "ultimate consignee", not the customs broker, and sent to the bank for collection. The broker is instructed to clear the goods through customs and to withhold delivery pending advice from the bank that the draft has been paid.

Before accepting this responsibility, the broker may insist that the exporter guarantee reimbursement for duties and other clearance expenses in case the importer cannot pay the draft or refuses delivery of the merchandise. Since the customs broker has a preferred claim on each shipment cleared, this is usually sufficient security. Venezuelan customs

brokers are generally highly ethical and can be relied upon to carry out the shipper's instructions, provided such arrangements have been made and agreed on before shipment. This system is the most practical for shipments under sight draft, documents on payment, unless the customer has established a satisfactory record of payment with the exporter.

Another alternative, which has come into limited use recently and which imposes some financial responsibility on the importer, is to have the customer establish a letter of credit for 25 per cent of the value of the shipment, with the remainder paid by sight draft, documents on payment.

It is very important to select an agent who has a record of selling only to responsible firms and assisting in collections whenever necessary. Agents aware of these responsibilities reduce the need for independent credit investigations. Thus the exporter can realize a profitable volume of business in Venezuela with a minimum of credit loss.

The Canadian Trade Commissioner in Caracas maintains a classified directory of suitable agents for the principal commercial centres in Venezuela. Credit information is also available from the branches of the Canadian bank operating in Venezuela or from the local correspondents of other Canadian banks.

—F. B. CLARK



—U.S. Steel Corp.

The famous iron ore mountains, 60 miles south of Ciudad Bolivar, where a U.S. Steel subsidiary is undertaking mining operations. Company engineers have estimated the reserves at 500 million metric tons of ore.

Transportation to Venezuela

Several shipping companies provide regular services between Canadian and Venezuelan ports; well-known airlines offer speedier transit for visitors or some types of goods.

TRANSPORTATION does not present any obstacles to the free flow of trade between Canada and Venezuela. A number of shipping companies provide direct sailings to Venezuelan ports from both the east and west coasts.

From Vancouver, five shipping lines offer a service to Venezuela. These are:

Independence Line (reefer and general cargo) to Maracaibo.

Grace Line (passengers, reefer and general cargo) to Maracaibo.

French Line (passengers, reefer and general cargo) to La Guaira.

Pacific Republic Line (passenger, reefer and general cargo) to La Guaira and Puerto Cabello.

Pacific Argentine Brazil Line (passengers, reefer and general cargo) to La Guaira and Puerto Cabello.

Sailings are maintained on a regular schedule and there are few weeks in the year when a vessel flying the house flag of one of these shipping lines does not clear Vancouver for a Venezuelan port. Venezuela is practically on the trade routes between the Pacific coast through the Panama Canal to Europe, and to the east coast of South America. The French Line schedules a call at La Guaira on its service to Northwest Europe and the Pacific Republic Line and Pacific Argentine Brazil Line call at Venezuelan ports on the run to Brazil and Argentina.

From Eastern Canada

From eastern Canadian ports, two shipping companies are active in the trade between Canada and Venezuela. During the navigation season on the St. Lawrence, regular sailings from Montreal, Quebec and Three Rivers are offered by Saguenay Terminals Ltd. and Flota Mercante Grancolombiana. Vessels also call at Halifax, N.S., and Saint John, N.B., during the summer months. From these two ports, service is provided when the Canadian winter closes navigation on the St. Lawrence. In addition, Lunham & Moore Shipping operates a regular bulk cargo trade in barytes from Nova Scotia to the various oil companies in Trinidad and Venezuela. Normally they make twenty to thirty sailings each year; average cargo volume is about 3,000 tons a voyage.

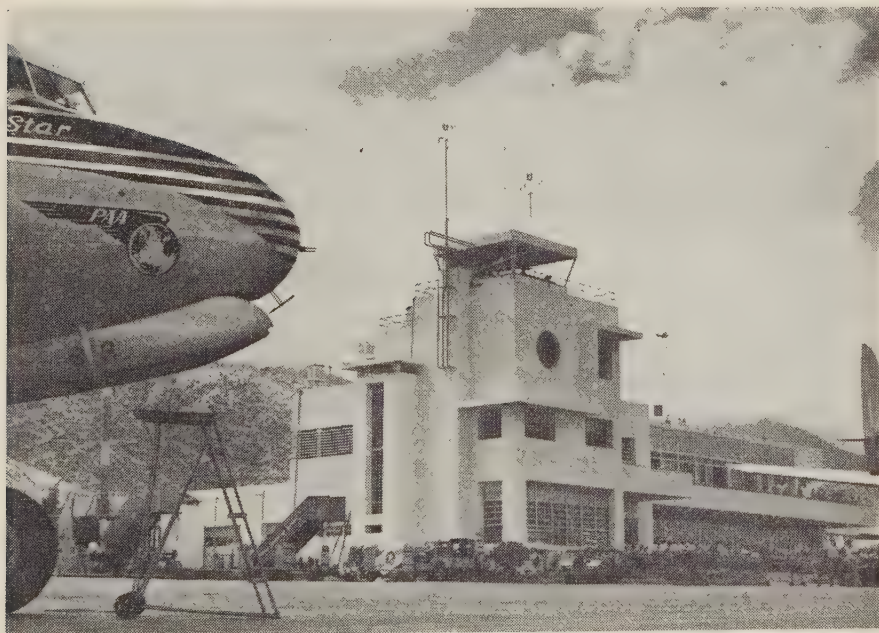
Saguenay Terminals have been active in trade to the Caribbean area for a number of years. Their service to Venezuela forms one part of their shipping schedules on the Caribbean trade routes. The Venezuelan service is combined with that to Puerto Rico, Trinidad and Demerara; the principal Venezuelan ports of call are La Guaira and Puerto Cabello. Two sailings a month are scheduled to these ports.

Flota Mercante Grancolombiana was jointly formed by the Governments of Venezuela, Colombia and Ecuador in 1946, when steamship services to U.S. ports were established. In early 1950 the increasing trade between Canada and northern South America influenced the company to extend its service to eastern Canadian ports. Monthly sailings were scheduled. Early this year, frequency of sailings was stepped up and a fortnightly service is now offered to La Guaira, Puerto Cabello and Maracaibo. Grancolombiana is currently studying the establishing of a service from Pacific coast ports to Venezuela, and Vancouver will probably be a port of call. Three of the ships in the Grancolombiana fleet were built in Canada, though none of these is in the Canadian service at the present time. One or more of the four ships now under construction at Canadian Vickers, Montreal, for this company may be placed on berth for Canada, either to the Pacific or Atlantic coast, when they are completed.

Air Services

Although Venezuela is in another continent, air transport has shortened the time to this foreign market dramatically. For a business trip or an urgent shipment of products adapted to air carriage, Venezuela can be called a next-door neighbour.

Air cargo and passenger services between the two countries are fast and frequent. Royal Dutch Airlines (KLM) have two flights each week from Montreal, departing mid-afternoon and arriving at Caracas the next morning. Trans-Canada Air Lines do not have a direct service to Venezuela but good connections can be made at Kingston, Jamaica, with KLM



—Pan American World Airways.

Thanks to excellent air services, North American travellers can reach Venezuela in a day's journey. Three airlines maintain services, including Pan American Airways, whose Maiquetia terminal, near Caracas, is seen above.

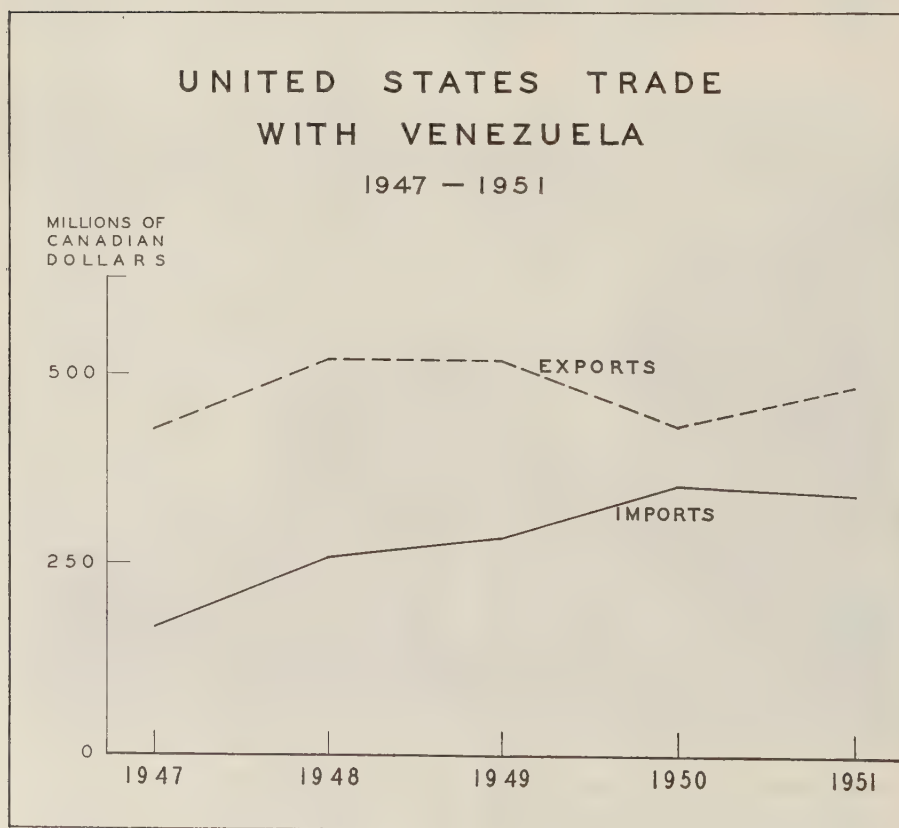
to arrive at Caracas in the afternoon of the following day. New York is a focal point for direct and fast air services to Venezuela and air connections to New York from most industrial and business centres in Canada are provided by TCA's trans-Canada network. Pan American Airways have daily flights from New York, departing late evening and arriving the following morning. Linea Aeropostal Venezolana, the Venezuelan Airline (LAV) also schedules daily flights, except Monday, 7½ hours non-stop from New York to Caracas. Chicago and Southern Air Lines, Inc., offer a regular air service to Caracas via Houston.

The approximate travelling time from practically all of Canada to Venezuela, depending upon point of departure and routing, is only 10 to 18 hours. The Venezuelan Airline operates a domestic service to all areas of Venezuela and thus enables cargo or business visitors to reach most Venezuelan cities quickly.

Air travel has bound the North and South American continents together. No longer is it necessary for business executives to spend lengthy periods away from the home office or factory to explore personally market possibilities and make contacts with customers in Venezuela. Air travel makes this possible in days, not weeks.

—H. A. HADSKIS

Transportation and Communications Division



TREATY RELATIONS WITH VENEZUELA

ON October 11, 1950, a commercial modus vivendi between Canada and Venezuela was signed by a Canadian delegation which visited several Latin American countries. This agreement was renewed on October 11, 1951, and is renewable each year.

It provides for the exchange of most-favoured-nation treatment between the two countries in customs duties and import charges, as well as in all matters relating to the granting of foreign exchange for commercial transactions and the allocation of exchange and import quotas.

As a result of this agreement, Canadian exports to Venezuela are subject to the same customs duties and other charges which are levied on goods from other countries enjoying most-favoured-nation treatment, such as the United Kingdom and the United States.

Any tariff reductions which either Canada or Venezuela may grant to a third country will automatically be extended to the other. For example, Venezuela reduced its tariff rates to various countries on the following products which are of interest to Canada: canned salmon; canned fruits and vegetables; cigarettes; hosiery of pure silk or mixture; Douglas fir timber and lumber; lanterns, both wick and pressure.

Concessions which Venezuela has granted to the United States as a result of the negotiations recently concluded by these two countries will apply equally to Canadian exports.

—MAURICE SCHWARZMANN
International Trade Relations Branch

Trade and Tariff Regulations

United States-Venezuela Conclude Trade Agreement

On August 29 the United States Department of State announced the conclusion of a supplementary trade agreement with Venezuela. This agreement will enter into force thirty days after ratification. Provision is made for substantial tariff concessions by both countries.

Among the concessions by the United States are a reduction in the rate applicable to crude petroleum to $5\frac{1}{4}$ cents per barrel, if testing less than 25 degrees A.P.I., and $10\frac{1}{2}$ cents if testing 25 degrees or more.

Concessions were made by Venezuela on apples, pears, rolled oats, wheat flour, barley malt, baby and dietetic foods, wrapping paper, builders' hardware, table flatware, unassembled trucks and passenger cars, radio and television receivers, refrigerators, electric motors, transformers, generators, and many other products. By virtue of existing trade agreements with the United States and Venezuela, Canada automatically benefits from all the concessions.

Pakistan Revises Open General Licence

Karachi, August 13—FTS—The Government of Pakistan announced on August 11 changes in its import policy affecting items which may be imported freely under Open General Licence. A new Open General Licence XIV replaces O.G.L. No. XIII, which has been in effect since July 1, 1951. Goods no longer accorded Open General Licence status include cotton piece goods and yarns, cycles, tires and tubes, motor trucks and vans, jute manufactures, paper, timber, matches, crockery and spices. This change in policy will have a pronounced effect on Pakistan trade with the United Kingdom, Japan, India and Continental countries.

In so far as the American Account Area, which includes Canada, is concerned, only one item has been removed from the schedule of Open General Licence goods, namely, small machinery for domestic and office use. This includes domestic sewing and knitting machines and parts; used and rebuilt typewriters; typewriters and parts; typewriter ribbons; office machinery such as adding machines, addressograph machines, drafting machines, duplicating machines, numbering machines, tabulating machines, and spare parts of such machines.

(The complete schedule of goods admitted under Open General Licence on importation from the American Account area was announced on page 272 of *Foreign Trade* of February 17, 1951.)

United Kingdom Resale of Dollar Raw Materials

In *Foreign Trade* of August 23, it was announced that the Bank of England would permit United Kingdom residents to purchase raw materials in the dollar area for resale to countries which are members of the European Payments Union.

After one week of these operations, the Bank of England has announced that no new applications will be considered for one month. One month is the time required to complete existing approved transactions. Thus the authorities will have time to determine what effect the approved transactions have had upon the sterling area's external financial accounts.

New Zealand's 1953 Import Licensing Policy

Wellington, August 4—FTS—The import licensing schedule for 1953 was released today, and it is much like that of 1952.

Hon. J. T. Watts, Minister in Charge of Import Licensing, stated that the licensing policy would continue to be principally concerned with protecting New Zealand industries, notable exceptions being licensing of goods from dollar countries and licensing of motor vehicles from all sources to save exchange.

Licences for these two classes of imports will be carefully screened in relation to the supply of overseas funds, and the Reserve Bank will provide the full amount of exchange under current licences, subject to the right of the Reserve Bank to spread allocations at its discretion. Other licences will not carry an assurance that exchange will be provided and allocations will, therefore, be made only if and to the extent that exchange is available.

DATA FOR EXPORTERS

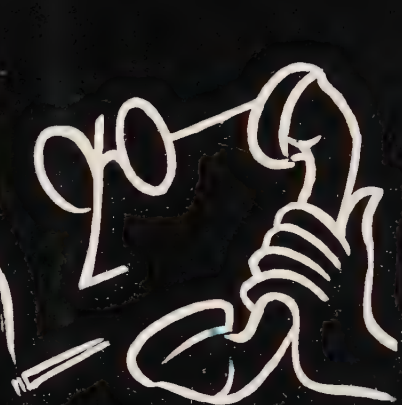
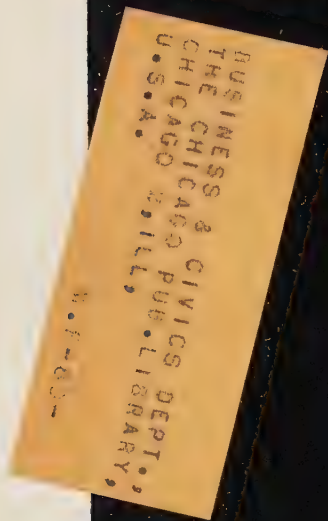
A detailed pamphlet containing information on shipping documents and customs regulations of Venezuela has been compiled by the International Trade Relations Branch of the Department of Trade and Commerce, Ottawa. Interested firms may procure copies by writing to this branch.

The attention of exporters desiring information on current business conditions in Venezuela is directed to the following issues of *Foreign Trade*:

February 16, 1952; February 23, 1952; March 8, 1952;
March 22, 1952; April 19, 1952.

The postal address of the Canadian Consul and Trade Commissioner in Caracas is: Apartado 3306, Caracas, Venezuela.

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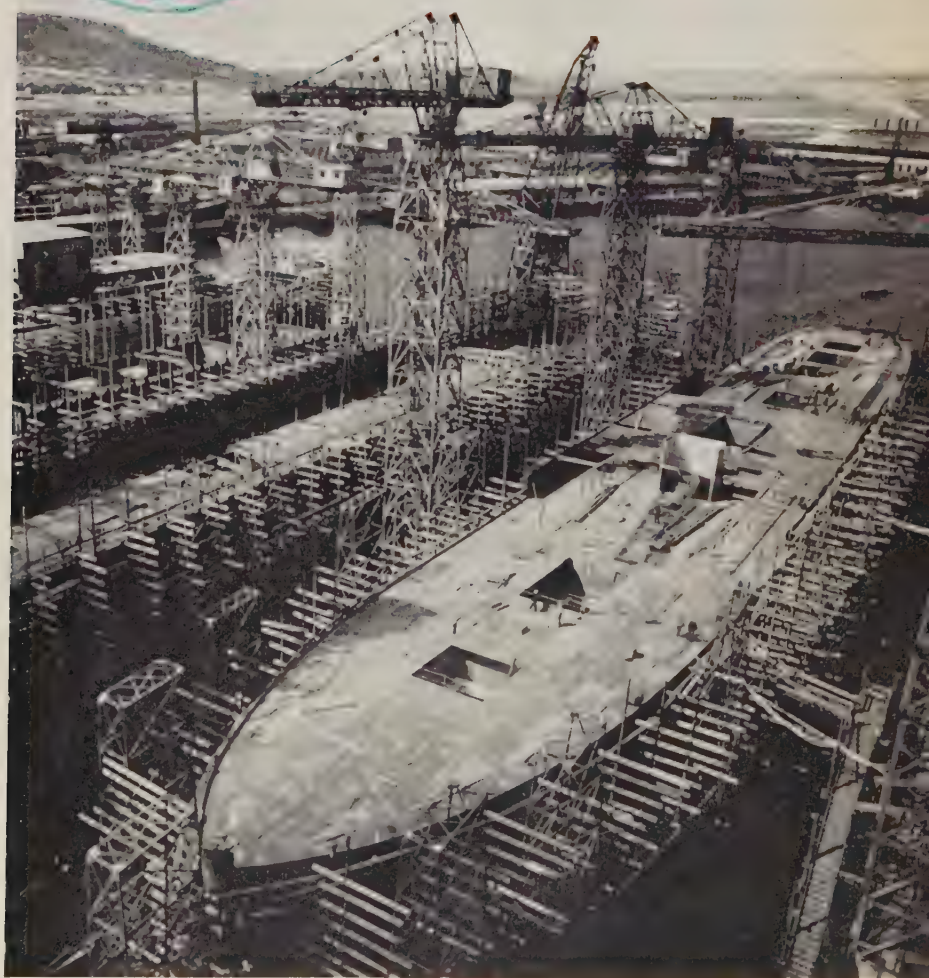
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SEPTEMBER 13, 1952



OTTAWA
CANADA



Queen's Island and Its Ships (page 2)



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R . . . A view of the largest shipbuilding Harland and Wolff's Queen's Island, Belfast, has been awarded the for Canada's new air- carrier. For a report on Ireland's important ding industry, which om 1636, see page 2

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Queen's Island and Its Ships

Northern Ireland's great shipyards, near Belfast, find peacetime orders flowing in; are building an aircraft carrier for the Royal Canadian Navy.

BELFAST—The history of Belfast's important shipbuilding industry goes back to 1636. In that year a wooden vessel of 150 tons register was built to the order of the city's Presbyterian clergymen. The foundations of today's great industry, however, were not laid until the early 1840's when the Belfast Harbour Commissioners, supported by local merchants, undertook the development of the port. The course of the Lagan River was changed and two deep channels were cut to give access to the port from Belfast Lough. The excavated material from one of these cuts was used to form a 17-acre island between the old river and its new course. This island was named the "Queen's Island" in honour of Queen Victoria, who officially opened the new waterway in 1849. Later the old riverbed was filled in and the island disappeared. But its name remains and is famous today as the site of the largest shipyard in the world.

Harland and Wolff

In 1854 the Belfast firm of Robert Hickson & Company began to build iron and steel ships. The Hickson yard was bought in 1858 for £5,000 by a Yorkshire engineer, Edward James Harland. Later Harland took Gustav Wilhelm Wolff into partnership and the firm became known as Harland and Wolff. From 1880 until 1935 the firm of Workman and Clark Limited was also active in the shipbuilding industry. In that year, however, their yard and works were absorbed by Harland & Wolff Limited, and now the industry is concentrated at Queen's Island. Many acres of land added to the original works have made it the largest single unit of its kind in the world, employing more than 20 thousand men and covering 240 acres.

Shipbuilding is distributed over four yards:

- Musgrave Yard, with six berths suitable for the construction of aircraft carriers and the largest passenger liners.
- Queen's Yard, with three berths for tankers and passenger vessels.
- Abercorn Yard, with five berths suitable for medium-sized passenger ships, general cargo liners, and tankers.
- Victoria Yard, with four berths, used mainly to build cargo vessels.

Large marine steam turbines and water-tube boilers, marine and stationary diesel engines and diesel locomotives—all of the most modern design—are turned out in the engine-building department. General engineering work is also done, and the electrical shops are equipped with modern facilities to produce A.C. and D.C. machinery, control gear, switch-gear, etc.

At the Sydenham works (a self-contained unit) the design, fabrication and erection of all classes of structural steelwork are undertaken.

Additional improvements made by the Belfast Harbour Commissioners in 1867 included the construction of a new graving dock and the linking-up of Queen's Island with the mainland. Thus improved and extended, the shipyard was inspected by the British Admiralty and placed on their "first class" list. Between the building of H.M. gun vessel *Lynx* in 1868 and the delivery in 1951 of H.M.S. *Eagle*, the largest, fastest and most modern aircraft carrier in the Royal Navy, the yard has carried out much important naval construction.

Many great passenger vessels have been launched from the yards. These include the *Oceanic*, built for the White Star Line in 1870, the ill-fated *Titanic*, the *Asturias* and *Alcantara*, and the various *Castle* liners. Output in recent years has included refrigerated cargo and cargo and passenger liners, oil tankers of the largest size, cross-Channel vessels, and the whale-factory ship *Juan Peron* of 32,000 tons deadweight, delivered in 1951 to the Compania Argentina de Pesca. Other famous companies with Belfast-built ships include the Union Castle, Royal Mail, P. & O., Shaw Savill, Elder Dempster, Lamport and Holt, and many of the tanker companies.

Wartime Construction

During the Second World War the company's resources were about equally divided between naval and merchant work. For the Navy, the yards built aircraft carriers, cruisers, depot ships, corvettes, minesweepers, frigates, and motor torpedo boats. H.M.C.S. *Ontario*, the first cruiser built in Belfast for the Royal Canadian Navy, was commissioned in 1945. Between September 1939 and October 1945, 54 merchant ships, with a total gross tonnage of 441,280, were completed.

Despite the heavy damage to machinery and buildings by enemy air raids in 1941—about 60 per cent of Queen's Island was wiped out—production remained high and reconstruction and repairs were speedily carried out.

In 1950, eleven ships of 131,720 tons were launched from the yards; in 1951, ten ships of 118,554 tons. The number of new contracts is satisfactory and there is a possibility that production this year will reach 150 thousand tons, but much depends upon the allocation of steel.

Aircraft Carrier for Canada

Harland and Wolff were recently commissioned to build an aircraft carrier for the Royal Canadian Navy. This is intended to replace the carrier *Magnificent*, loaned to Canada by the Royal Navy. The new ship will cost more than \$20 million and will be a so-called "light" carrier of about the same tonnage as *Magnificent*. It will have the latest devices for handling jet aircraft, as well as radar and submarine-detecting equipment.

The industry has made a good adjustment to peacetime conditions. The experience gained during the war years has resulted in many improvements in production efficiency and techniques, and the yards are better equipped and more efficient today than at any time in their history.

—H. L. E. PRIESTMAN
Canadian Government Trade Commissioner

Tangier: Businessman's Utopia

With no income tax, import or exchange restrictions, business booms in this International Zone--and luxury articles find a ready market.

MADRID—Tangier is almost a businessman's Utopia. There are no income taxes; the few other taxes are moderate; exchange and import restrictions are unheard of, and customs duties are a straight 12·5 per cent ad valorem for most goods. World currencies can be bought or sold in its money market.

Tangier lives on its transit trade and the financial services it provides. It is also a haven for flight capital. There is no industry to speak of in the Zone and its fortunes rise and fall with the severity of unsettled political problems, taxation, currency and trade difficulties in other countries. As one might expect, Tangier has been booming since 1945. There are now signs that activity is levelling off, principally because of better economic conditions in Spain on which it depends for much of its livelihood.

Population and Government

The International Zone, which covers an area of 144 square miles, has only the one city, Tangier, with a population of about 139 thousand. This total is made up of 86 thousand Moslems, 8,000 non-Moslem Moroccans, 25 thousand Spanish, 9,250 French, 2,000 Belgians, 2,000 Italians, 1,500 British and 5,250 other nationalities. The Zone is governed by an Administrator appointed by the Board of Control. The Board is composed of the Consuls General of the countries signatory to the Act of Algeciras, by which the Zone was created. The present Administrator is Belgian.

Port facilities are inadequate. There is room for only one, or perhaps two, deep-sea ships to come alongside. A new jetty for deep-sea ships is under construction, a cold storage warehouse was recently completed and several storage sheds are being built. There is a free port area.

Transit Trade

A large volume of goods enters the free port area in transit. No records of these are kept but it is estimated that more than 50 per cent of goods shipped to Tangier are re-exported. The bulk of the products passing in transit are luxury items from the United States. Cigarettes and nylon stockings are the leading commodities in this trade.

In 1951, Tangier exported goods to Spanish and French Morocco valued at \$2,998,115 and imported goods valued at \$4,203,205. Imports consisted chiefly of goods from Morocco—vegetable fibre, fresh eggs, canned fish, fresh vegetables, and dairy produce. Exports were mainly luxury goods of foreign origin passed through the Tangier customs. This trade was in addition to goods shipped in and out of the Moroccos and passing through Tangier. No records of these are kept.

According to Tangier Administration statistics, 165,752 metric tons of goods valued at \$26,883,897 were entered through the customs in 1951. Exports amounted to 15,721 tons valued at \$1,937,147. (These amounts do not include transit and interzonal trade.) The wide gap between the value of exports and of imports was balanced by currency movements, either legal or clandestine. A fair percentage of goods which have been passed through the customs later leaves the Zone as exports or in the form of purchases made by visitors—some 211 thousand in 1951.

The United States was the principal exporter to Tangier in 1951, followed by Spain, France and the United Kingdom. Canada was seventh on the list. United States shipments were valued at \$6,076,385; the main commodities were cars and trucks, rayon textiles and nylon hosiery, vegetable oil and antibiotics. Shipments from Spain and France were valued at \$4,717,195 and \$3,975,635 respectively, United Kingdom exports were valued at \$2,753,010. Gold bullion was an important item in the French and U.K. export lists. It is interesting to note that Britain shipped 610 tons of laundry and toilet soaps worth \$168,077. Canadian exports amounted to 5,624 tons valued at \$794,357, and wheat flour accounted for a high percentage.

Tangier as a Market

Moslems form about 60 per cent of the population and in general have low incomes and are relatively unimportant consumers. The remaining 50 thousand inhabitants, mostly European, are the real consumers in the Tangier market. To their requirements can be added the demands of the over 200 thousand visitors passing through the city each year. These visitors usually are domiciled in countries where there are rigid import controls and they take the opportunity to stock up with luxury articles.

Because it is small and compact, the Tangier market does not need the services of distributing organizations at the wholesale level. The large retail merchants either import directly from overseas suppliers (with whom they may or may not have exclusive connections) or they place orders with local agents of these suppliers. In some lines of goods, particularly foodstuffs, retailers purchase from the stocks of importer distributors. Importer distributors seldom buy through local agents of overseas suppliers; they prefer to have their own connections abroad.

Since there are no import or currency restrictions, Tangier merchants have the whole world at their feet when exercising buying preferences. Price, quality and brand name are all, in consequence, important. In luxury articles brand is even more important than price or quality, and products without international reputations do not stand a chance. This also applies to luxury articles moving through Tangier in transit. Other brands which are just as good, perhaps cheaper, but comparatively unknown are ignored. In the more basic items, such as margarine, laundry soap, and flour, price and quality are the ruling factors. If these are favourable a single brand can capture the market. For instance, a Dutch manufacturer appears to supply all Tangier's needs in margarine, and an English manufacturer in laundry soap.

—E. H. MAGUIRE

Canadian Government Trade Commissioner

New Zealand's Trading Position

The system of exchange control, introduced this year to cut imports, is beginning to work; production is holding up well; but conserving dollars still remains a difficult problem.

WELLINGTON—The sterling crisis and New Zealand's balance of payments troubles dominated the economic scene during the first half of 1952. On March 11, the Prime Minister announced that New Zealand had undertaken to create a surplus of £25 million with non-sterling countries for the twelve months ending June 1953. He added that no general licensing of imports from the sterling area countries or from European Payments Union countries was considered necessary, but the import of motor cars from all countries would be controlled. All licences issued for imports from schedule countries (mainly the U.S.A., Canada and Japan) were cancelled and fresh licences would be required for all future imports.

Unforeseen difficulties at once developed and a number of exceptions had to be made, whereby licences were automatically revalidated. As the licences were well screened before they were issued, opinion was that no great volume of trade from Canada would be affected. The situation remained chaotic for some time and is still not fully clarified. Many licences have been re-issued, some have been cut, and others refused. Decisions are still pending on others.

Drastic Action Needed

In the meantime, the New Zealand balance of payments situation deteriorated rapidly. Wool prices fell, goods became more readily available from sterling countries, and private importers placed large orders for all types of products. Politically, the re-imposition of import controls was not acceptable. The Reserve Bank therefore announced a scheme of exchange control under which importers would be limited to 80 per cent of the amount of exchange which they bought from their trading banks in 1950. For additional requirements, permission from the Reserve Bank was needed.

Each importer had to lodge an import program with his trading bank by April 24, 1952. Some importers had already overspent; others decided to cancel orders. Because of the loss of other sterling markets, many United Kingdom manufacturers shipped well ahead of schedule. Warehouses became full. Gradually the necessary procedure for handling these applications is being worked out and most of the goods imported will be of use to the country.

The following figures show that drastic action of some kind was imperative. In the year ended June 30, 1952, New Zealand had a deficit of £51.3 million in her overseas payments, contrasting with a surplus

of £39.1 million for the year ending June 30, 1951. Payments in the year ended June 30, 1952, totalled £316.6 million—an increase of £112.5 million over the total for the previous June year of £204.2 million.

The sharpest increase was in payments for non-government imports, which rose by £101.1 million to the record figure of £249.2 million in the June year recently ended, compared with £148.3 million the previous year. Receipts for exports rose by more than £22 million, a decline of £20 million in wool receipts being more than offset by increases in the income derived from New Zealand's other exports.

Following the Government's announcement that interest rates would not be increased and that control over capital issued would be tightened, yields on long-term government stock declined from about £3.17.6 to about £3.11.3. This level was maintained through April and May but there was some weakening at the end of May. Share prices have also improved from their February low, but the market is still uncertain.

The demand for long and medium-term capital remains good as higher prices, larger stocks and higher bank credit force firms (many of them under-capitalized) to seek finance from the market.

The Consumers Price Index again rose during the March quarter, although the rate of increase appears to have slowed down. The 16-point rise since December compares with rises of 30 points in the fourth quarter of 1951, 38 in the third, 48 in the second, and 16 in the first quarter.

Locally produced items in the wholesale prices index fell slightly during January and February but this fall was outweighed by increases in the imported items index, which rose 2.5 per cent in February and 3.3 per cent in January.

The export prices index for the December quarter was 5 per cent higher than in the September quarter but should decline again in the March quarter because of the fall in wool prices.



Dairy production in New Zealand during the first half of 1952 showed a sharp decline, largely because dry weather during April and May had a bad effect on pasturage. Prospects for winter feed supplies are good.

Climatic conditions were favourable for pasture in March but dry weather persisted in several areas during April and May. Although production up to the end of May was 2·3 per cent higher than for the same period last season, dairy production has shown a sharp seasonal decline. Prospects for winter feed supplies are better than last year. Meat killings are larger than last season but below the 1949-50 level. Shipping difficulties have slowed up killing at some works and an extended season is likely.

Timber and Coal Production

For the year ended March 31, timber production in New Zealand was over 575 million board feet. This was a record, and almost 50 million board feet more than was produced in the previous year. The increased production of timber has made it possible to do away with the subsidy on overtime pay in sawmills. Because of the restricted buying in Australia and the falling-off in local demand, over-production has developed. Stocks of imported timber are large and, although dollar licences have been cut, they appear sufficient to take care of requirements.

New Zealand's coal production last year was the lowest for any year since 1939, mainly because of the coal field strike at the time of the waterfront dispute. The figures show that 2,425,683 tons of coal were produced from underground and opencast mines last year, compared with 2,669,451 tons the year before. In spite of the fall in production, supplies are adequate to meet consumer demand.

Import Schedule

The import licensing schedule for 1953 was issued at the beginning of August and reflects few changes from that of 1952. The general policy is still to protect New Zealand industries, but licensing of goods from dollar countries and licensing of motor vehicles from all sources to save exchange were important considerations in drawing up the schedules.

Licences for these two classes of imports will be carefully screened in relation to the supply of overseas funds, and the Reserve Bank will provide the full amount of exchange under current licences, subject to the right of the Reserve Bank to spread allocations at its discretion. Other licences will not carry an assurance that exchange will be provided and allocations will, therefore, be made only if and to the extent that exchange is available.

It must be realized, however, that New Zealand importers are keen to maintain their close contacts with Canada. They have done an excellent job for their Canadian principals under difficult conditions. On the other hand, the Government has taken what it considers its obligation to the sterling area seriously. Some of the scarce goods scheduled from dollar areas are now available from soft currency areas. In fact, surplus stocks have been accumulated in a number of such lines and it will thus be some time before the New Zealand trading position clears up. The sterling question will continue to be the uncertain feature in an otherwise fairly sound economy.

—P. V. McLANE

Commercial Counsellor for Canada

Canadian Barley

Finds a Market

in Japan



TOKYO — Traditionally, barley has formed an important part of the Japanese diet. Consumption began to fall in 1915, however, when the standard of living rose, and rice and wheat gained in popularity with the Japanese people. However, in the past few years the consumption of barley has increased substantially and is now estimated at three times the prewar level. Domestic production of barley which, as a crop, ranks next to rice in importance, established a 30-year record in 1951. Even so, production could not meet demand and had to be augmented by large imports.

Imports Increasing

Before the war Japan's barley imports were negligible and the small quantities which did enter the country were used for malting. Rice requirements were easily met and local production provided all the barley needed. The first barley imports were made early in the occupation period and came from the United States. Imports from the U.S. in 1947 and 1948 totalled 193 thousand metric tons and 168 thousand metric tons respectively. Several other countries participated in the trade in 1949, including Iraq, Australia, Algeria, and French Morocco. Canada sent her first shipment of barley to Japan in 1950 and in 1951 sales of Canadian barley in the Japanese market increased sharply. The trade considers

Japanese Imports of Barley

Country	(In metric tons)		
	1951	1950	1949
United States	669,913	79,402	371,606
Canada	123,762	12,049	....
Australia	110,659	26,062	....
Iraq	47,176	69,572	60,462
Tunisia	8,500	....	....
Argentina	5,385	26,227	....
Others .....	....	46,471	9,137
Total	965,395	259,783	441,205

the Canadian product competitive both in quality and price. This is good news in Canada today, with the West expecting a record barley harvest of 280 million bushels.

Private Firms Import

Purchasing of imported barley is controlled by the Food Agency of the Department of Agriculture and Forestry. Tenders are called for at frequent intervals throughout the year and private Japanese trading firms, many of them specialists in the grain trade, submit bids. Private trading firms, not the Government, carry on negotiations with foreign suppliers. The Food Agency sells the barley to processing firms which in turn sell to consumers through normal trading channels. The farmers now offer locally grown barley directly to barley processors. Throughout the war and during most of the occupation, barley processing and sales were controlled by the Government.

Faced with a shortage of cheap staple foods in recent years, the Japanese Government has, with considerable success, encouraged farmers to increase their barley production. Output in 1951 was 87.9 million bushels, compared with 78.9 million in 1950. A five-year program to increase rice and barley production by 18 per cent has been instituted by the Government to meet the growing demand for staple foods from Japan's steadily increasing population.

Japanese Barley Production

Year	Acreage	Crop (bushels)	Yield per acre (bushels)
1948	2,114,228	56,778,608	26.9
1949	2,482,708	80,749,296	32.5
1950	2,520,903	78,915,088	31.3
1951	2,418,358	87,957,168	36.0

The 2.3 million acres sown to barley in 1952 was 4 per cent less than in 1951—the result of poorer weather, anticipation of a price decline, and the Government's decision to decontrol barley.

Japanese barley is usually sown in rows; spot sowing is done only rarely. The fields have an orderly appearance, the rows are uniformly nine inches apart and four to five inches wide at the base. At the harvest the barley is cut by hand, tied into bundles and dried in the sun. It is then threshed and winnowed several times by sieving. These processes are largely carried out by hand but the use of electric threshing machines is increasing.

Two Types Grown

Two types of barley are grown: ordinary, largely confined to the northern sections of the country, and skinless or naked barley, grown mainly in the south. There is no essential difference between ordinary and naked barley, but the husks of the skinless variety are easily detached from the grain after drying and it does not need hulling. Fifty per cent of the ordinary barley and of the naked barley is grown in rice fields as a winter crop. Naked barley is much more susceptible to cold than ordinary barley and production is therefore confined to the area lying south of the Kanto plain where Tokyo is situated. The winter climate in Japan's northernmost island of Hokkaido is too cold for barley and sowing takes place in the spring, with harvesting in the summer. Spring barley is generally inferior in quality and yield to autumn barley.

Barley mixed with rice is one of Japan's popular staple foods. It is also used for brewing and for the manufacture of confectionery and soy-bean paste which provides the base for soup, a popular dish. Barley by-products include bran for cattle and poultry feed, raw material for bean paste, and seed germ for oil extraction and medicinal purposes. Domestically grown barley, which the brewing industry generally uses, is expected to produce 60 million gallons of beer in 1952.

The Japanese barley processing industry has grown steadily since the beginning of the occupation. The present consumption of rolled barley is estimated at one million tons, three times the prewar level. Processing capacity is placed at two million tons, more than sufficient to meet the present demand. The barley processing plants produce a type of pressed or rolled barley which, mixed with rice, provides a boiled grain food highly palatable to the Japanese. In addition, rolled barley contains protein and vitamin B, lacking to some degree in rice, and thus balances a straight rice diet.

—J. C. BRITTON

Commercial Secretary for Canada

Canada's Trade with Ceylon

COLOMBO—Canadian exports to Ceylon usually fall far below Canadian imports from that country. The reason is a simple one—Ceylon has always been an important supplier of such important products as tea, rubber and coconut. In 1950 and 1951, for example, the value of Ceylon's exports to Canada was approximately four to five times as large as the volume of Canadian sales to Ceylon.

However, during the first six months of 1952 Ceylon's trade with Canada has shown a different trend—an encouraging one for Canadian exporters. During this period, Canadian products going to Ceylon totalled Rs.23,414,000 compared with Rs.5,184,000 in the same period in 1951, an increase of over 400 per cent. This means that Canada is becoming more important to Ceylon as an overseas supplier, and also that the trade between the two countries is closer to balance. (In certain years, the ratio between Ceylon's exports to and imports from Canada has been as high as three or four to one.) Ceylon's exports to Canada declined from a value of Rs.45,032,000 during the first six months of 1951 to Rs.35,135,000 in the same period this year.

During the period January-June 1952, the value of practically all imports into Ceylon of any consequence increased. Among the Canadian commodities showing substantial rises are flour, fish, lumber, agricultural machinery, newsprint and other papers, motor vehicles and parts, batteries, tires, and clocks and watches. The only notable decrease was milk foods.

Study of Ceylon's exports to Canada shows that the trade in tea has been maintained at even levels and exports of desiccated coconut increased. On the other hand, quantities and values of rubber and coconut oil exports to Canada decreased sharply.

—PAUL G. SYKES

Canadian Government Trade Commissioner

Transportation Notes

CEYLON

Parcel Post from Canada—The parcel post route from Canada to Ceylon via Vancouver and Hong Kong has been discontinued by the Canadian Post Office because of delays in transmission. In future, all parcels from Canada for Ceylon are to be forwarded to "Montreal British & Foreign" for onward despatch via England. The following parcel post rates, currently in effect, will apply:

1 lb.	\$.65	6 lb.	\$1.70
2 lb.	.80	7 lb.	1.80
3 lb.	1.35	8 lb.	2.45
4 lb.	1.45	9 lb.	2.60
5 lb.	1.60	10 lb.	2.70

CHILE

Service to Brazil—The Aerovias Brasil Company of São Paulo will inaugurate an air service to Chile in September. Details of the proposed route have not yet been announced—Santiago, August 28.

INDIA

Railway Coaches Ordered—The first samples of 100 railway coaches, ordered from a Swiss firm in 1950, have now been received and two of them have been on view at New Delhi railway station. These all-metal lightweight coaches will be gradually introduced into service. An order for 250 metre-gauge coaches of the same design has also been placed with an Indian firm, and a factory will shortly be set up in Madras to produce 350 a year. Plans are to replace gradually all wooden-body carriages now on the Indian railways—New Delhi, August 15.

Locomotive Works—The locomotive manufacturing workshop of Chittaranjan in West Bengal, India, was started early in 1948 and is now almost completed. Total estimated cost is Rs.105 million and the estimated annual production capacity is 120 locomotives and 50 spare boilers on single shift working. This target, it is expected, will be attained in 1956. When fully developed, this factory will be the largest manufacturing unit of its kind in Asia—Bombay, August 15.

JAMAICA

New Steamship Service—Saguenay Terminals recently began a steamship service from Eastern to Western Canada, calling at certain Caribbean ports. Previously service was only between Eastern Canada and the Caribbean. The new service is monthly and is provided by two 10-thousand ton freighters with limited passenger accommodation. Leaving from Halifax or Montreal, they go to Kingston, Port Limon and Cristobal

in that order, and then through the Panama Canal to Los Angeles and Vancouver. On the return trip they call at all these ports except Los Angeles—Kingston, August 28.

JAPAN

Port and Harbour Conference—An International Port and Harbour Conference will be held at Kobe in October. Delegates from Port Associations or similar organizations in 19 countries are expected to attend the conference, which coincides with the thirtieth anniversary of the Japan Port and Harbour Association—Tokyo, August 30.

NEW ZEALAND

Control of Airways—The Government has decided that the existing system of corporation control of the National Airways Corporation is to continue. The Minister of Civil Aviation said that no suitable applications were received when the Government made its original offer to sell the Corporation to private investors, nor had it been possible to arrange a mutually acceptable method of joint management and ownership—Wellington, August 25.

Railway Report—The recent report of the Royal Commission on the New Zealand Railways recommended that the railways be managed by a corporation, which would take over, manage and develop the railways system and its subsidiary services.

The report describes the general state of transport in New Zealand today as “chaotic” with much unnecessary duplication and says that the public has to pay too much in transport charges. It expresses concern at the shortage of staff in the railways department and suggests incentives to attract workers to the service and encourage them to remain in it. It recommends recruiting immigrants, the provision of better housing and other accommodation, and incentives to those who would make a career in the department. Other recommendations in the report cover the discontinuing of uneconomic routes, overhaul of the refreshment services, and the need for local bodies to bear a share of the costs of suburban services—Wellington, August 25.

PORTUGUESE EAST AFRICA

Port Facilities Improved—Construction of a new pier at the Port of Quelimane in Portuguese East Africa, north of Beira, is expected to be completed about the end of this year. The pier is 120 metres long and 15 metres wide and will have railway facilities. In addition, trucks will be able to drive alongside ships for loading and unloading. It is reported that some electric cranes will be transferred from Lourenço Marques to Quelimane. With the completion of this new pier at Quelimane, the pressure on the port of Beira should ease considerably.

Israel's New Economic Policy

Intended primarily to step up production, encourage exports, the policy has met unexpected difficulties which have retarded progress.

ATHERS—Israel's economic outlook at the beginning of 1952 gave its Government cause for concern. The trading deficit totalled \$225 million, with exports covering only 13·6 per cent of imports. This deficit had to be made up by foreign grants, contributions of international Jewry, loans and credits, transfers of gifts, capital and personal effects of immigrants. Dollar purchases were restricted to essentials unobtainable elsewhere. Bilateral barter trading was carried on in an endeavour to obtain essential supplies and, at the same time, find an outlet for the sale of Israeli products.

Among the pressing problems, the following loomed large:

- High production costs, because of high wages, some inefficiency of labour and machinery, irregular supplies of raw materials.
- Too-high prices for Israeli products on world markets, a result of the high production costs.
- Friction between manufacturers and the government-supported General Federation of Labour (Histadrut).
- Enforcement of price controls on manufacturers of goods (especially for export) which, added to rising raw materials prices and new wage claims, cut down the incentive to produce for export; encouraged black-market activities.
- The policy of unrestricted immigration, which more than doubled the population of Israel in just over 3½ years. This, through stark economic necessity, has been changed to selective immigration.

Against the official rate of \$2.80, the Israel pound was quoted as low as 30 cents on the free market, both at home and abroad, while the gold sovereign was as high as I£38·400 on February 7th. On the same date, the foreign currency cover was as little as I£1·76 million.

The New Economic Policy

Faced with this dismal outlook and in an endeavour to bring some kind of order out of economic chaos, the Government, on February 13, introduced a series of economic and fiscal reforms designed to stabilize the currency and encourage exports. The Prime Minister defined the three basic problems as the curbing of inflation, encouraging the flow of investment capital, and increasing productivity.

Vital part of the new policy was the introduction of multiple rates of exchange to encourage investment and increase exports. Second, to support the export drive, wage levels, it was recommended, should be based on production norms and premiums and wage increases should, on the whole, depend upon increased output. Histadrut and the Manufac-

turers' Association reached agreement on the establishment of efficiency production boards. The establishment of an Economic Advisory Council, an Export Institute and an Export Bank was proposed, to encourage, assist and facilitate the export drive.

To curb the inflationary trend, the Prime Minister reiterated his pledge that no more Treasury Bills or Land Bonds would be issued and that there would be strict control of credit to unessential industries, with priority given to those likely to increase agricultural and industrial production. Budgets, previously largely financed by loans, would in future be covered by internal revenue.

Briefly, the main points of the new economic policy were as follows:

- The current exchange rate of \$2.80 retained for purchases of wheat and other essential foodstuffs.
- The rate for tourists, fund-raising institutions, diplomats, set at \$1.40 to the pound. This is also the rate for the import of meat, fish, coffee, tea, pharmaceuticals, seeds and fertilizers.
- Rate for investors, \$1 to the pound.
- Investors not henceforth required to turn over to the Treasury a dollar at the official rate of exchange for every dollar's worth of non-payment imports.
- Exporters allowed to retain part of proceeds of foreign currency from overseas sales for the acquisition of raw materials; also permitted to bring in raw materials as non-payment imports.
- Cost-plus system of calculating prices dropped. Prices fixed to allow greater profits for more efficient enterprises.
- Raw materials distributed according to the efficiency of the enterprise.
- Preference given to import of essential foodstuffs and items needed for food production and agricultural expansion, e.g., pipes, fertilizers, seeds, etc.
- Majority of exports at the third rate of exchange (\$1 to I£1).

Achievements

It is not yet known whether one of the main purposes of the policy, the expansion of exports, has been achieved. Certain developments made it difficult to bring export prices down. One was the decision of the authorities to value manufacturers' inventories at new import prices and collect the difference as a surcharge. Another was the breakdown of the proposed wage-freeze. Wages are pegged to the cost-of-living index, which has risen every month since the new economic policy was introduced. A third was the difficulty in ironing out the many wrinkles which appeared after the reforms were introduced. These have all but offset the exchange advantage granted to Israeli exports.

The cost of living has shown a sharp increase following the doubling and trebling of prices for imported products. By the end of April it stood at 144, compared with 120 in February and 100 in September 1951. Wages have followed suit. Though Histadrut promised to hold wages in check if everyone else did the same, its efforts have not been successful. Manufacturers must try to foot the mounting wage bill and, at the same time, keep the prices of their products stable to combat inflation at home and to compete abroad.

Despite the promises not to issue further Treasury Bills, the amount in circulation had risen by June 4 to I£38.3 million, while the total currency circulation had increased to I£115.5 million. However, as an anti-inflationary measure, and to help finance development projects, on June 8 a compulsory loan of 10 per cent, both on notes and on bank deposits, was introduced. This coincided with a new issue of banknotes and exchange of these for old notes on the basis of one to one.

Production Problems

Because of lack of foreign exchange to make purchases and general shortages on the world markets, raw material shortages in Israel during the past twelve months have been steadily throttling industrial production. A number of key enterprises have closed down completely and many others, including basic textile, metal and rubber plants, have been compelled to lay off workers and reduce output. Higher prices for raw materials and continuous wage adjustments have aggravated the problem.

Despite these setbacks, however, there has been a fair amount of industrial expansion in all branches, though whether production can be maintained and new enterprises started is another question. The inauguration of an assembly plant for trucks, two rubber tire plants, and the development and expansion of the local chemical and fertilizer industry using Israeli mineral resources have marked the last few months. Agriculture has made generally good progress and crop prospects are bright. This helps to relieve a somewhat dark picture.

—T. J. MONTY

Commercial Secretary for Canada

CHILE BUYS CANADIAN BULLS

The first shipment of Canadian cattle to leave for South America since the foot and mouth outbreak last February took to the air at Malton Airport Sept. 8. Eleven richly bred Holstein bulls, including the Junior Champion at the recent C.N.E., made up the cargo. The bulls, including one from the U.S., were purchased for the Institute of Inter-American Relations by Ismael Jordan of Santiago. Assisting in making the selections was Dr. Guillermo Gomez, head of the Animal Husbandry Department of the Chilean Ministry of Agriculture.

Five head came from Rosafe Farms, Brampton, Ont.; two each from J. J. E. McCague, Alliston, Ont. and Hays Ltd., Oakville, Ont.; and one each from G. Leslie Peer & Son, Milton, Ont., and Butterfly Farms, Mexico, N.Y.

The flight marked the first time that a Chilean plane, either commercial or military, has visited Canada. In fact, it was the first South American commercial plane to pick up a cargo at Malton for several years.

CLOSE ISTANBUL OFFICE

The Trade Commissioner Service has decided to close its office in Istanbul, Turkey, on September 30.

Commodity Notes

BRAZIL

Rubber—Over one million rubber trees are ready for tapping on the Northern Agronomic Institute's Belterra plantations in the Amazon Basin. The plantations now contain 2.5 million trees, only a few of which have been tapped, because of the scarcity of labour. Brazil's rubber production totalled 11,914 tons during the first quarter of 1952, a 24 per cent increase over the same period last year—Rio de Janeiro, August 30.

Castorseed—All old stocks of castorseed have now been disposed of, it is reported, and the new crop (which is expected to be small) has started to come in. Since demand from the oil factories and abroad is good, the crop is not expected to meet the demand—Rio de Janeiro, August 30.

CHILE

Sulphite—The new sulphite plant being constructed by the Chilean Exploration Company in Chuquicamata is now partially in production, it is reported. At present, production is by superficial development of the oxides, but will be progressively increased as the construction (ultimately to cost US\$100 million) is completed—Santiago, August 13.

COLOMBIA

Bicycles—The first bicycles made in Colombia are now being produced in Cali, fourth largest city of the Republic. The operation is basically one of assembly. Some months ago the company "Monark de Colombia, S.A." was formed and capitalized at 750 thousand pesos. A large percentage of the stock was taken up by Swedish interests with the purpose of duplicating the Swedish "Monarch" bicycle. Because it has the advantage of tariff protection, the plant is expected to prosper and eventually to export to Ecuador and Venezuela—Bogotá, August 18.

FRANCE

Haute couture—French fashion designers are to receive 400 million francs in subsidies to help combat rising costs of materials and overhead. Firms such as Fath, Dior and Schiaparelli—if they use at least 90 per cent French textiles, present sixty models during the season and employ thirty permanent workers—will receive assistance up to this amount. Three-quarters of this sum is contributed by the "Fund to Encourage Textile Production" (publicly financed), and the rest by the Textile Manufacturers Association—Paris, August 7.

INDIA

Machine Tools—Value of India's annual demand for machine tools is roughly estimated at Rs.100 million (one rupee equals 22 cents Canadian), and the present production hardly satisfies 3 per cent of the country's

requirements. The Government of India has decided to set up a machine tool factory at Jalahall near Bangalore, and has completed preliminary stages such as entering into agreements to obtain equipment. The annual value of the output of the factory, when it reaches full production in 1955-56, is estimated at Rs.40 million—Bombay, August 10.

SOUTH AFRICA

Cotton—South African cotton-growers have this year harvested the biggest crop in the history of the country, officially estimated at 31 million lbs. of cottonseed. The previous record, which has stood for 25 years, was 24 million lbs. Good prices in the last few years have encouraged farmers to cultivate cotton. If the present prices are maintained, cotton farmers will realize £1.6 million for this year's crop, which is now arriving at the ginneries—Johannesburg, July 18.

Canned Goods—According to the Chairman of the Industrial Development Corporation, the value of canned goods exported from South Africa last year was £9 million. The United Kingdom was the Union's biggest customer, taking about two-thirds of the total exports. Other important customers were the Rhodesias, Malaya, Canada, the United States, Belgium, Eire, Ceylon, Israel and France—Johannesburg, July 18.

SWEDEN

Cellulose—Because of the uncertainty of the cellulose market, the Swedish Cellulose Company (incorporating nine industrial concerns) has decided to limit production at a number of their factories. Unless sales soon improve, storage space will be insufficient for full production—Stockholm, July 24.

UNITED STATES

Broilers—In a country whose annual consumption of poultry is 31 pounds a person, compared with 72 pounds of pork and 56 pounds of beef, the production and sale of broilers has shown a remarkable increase since the war. According to the Federal Reserve Bank of Atlanta, which serves the 6th Federal Bank District of Tennessee, Georgia, Alabama, Mississippi, Louisiana and Florida, there has been a 220 per cent increase in broiler output in this district in the past five years—148 million in 1951, compared with 45.2 million in 1945.

The expansion of the industry has been aggressively financed by feed dealers backed by their feed companies. The feed dealers operate under contract in which the grower and representative of the feed company have well-defined responsibilities. The feed dealer supplies the chicks, feeds, and medicines on credit, and assists in marketing the broilers. The farmer furnishes housing, equipment, fuel, litter and labour. There has been evidence in recent weeks of over-expansion, and a need for greater stability in the industry. But if high prices for meat hold, the industry is likely to continue operating on a large scale. This development is of interest to Canadian exporters as a potential market for such poultry feeds as fishmeal—New Orleans, August 7.

Mozambique's Exchange Problems

JOHANNESBURG—The outstanding economic developments in Portuguese East Africa during the past twelve months have been the sharp drop in dollar earnings and the very large favourable balances established with countries within the European Payments Union. Both have caused the exchange control authorities considerable anxiety and have made the adoption of control measures necessary.

Import Control

Lower sales of tea and sisal to American buyers were largely responsible for the serious decline in dollar receipts. This dollar shortage has brought Mozambique to the point where it has had to reduce imports from hard currency areas to the absolute minimum. In effect, the tightened control permits only strictly essential goods and materials not available from soft currency areas to enter. In 1951 and previous years, definite allocations of dollars were granted and gazetted to purchase a reasonably wide range of Canadian and United States products, with emphasis on essential and non-luxury items. No schedule of dollar allocations has been drawn up for 1952. Instead, import permits are being granted on an *ad hoc* basis and only after the closest examination of the supply position, the degree of essentiality, etc., for each product. Imports from the United States and Canada are thus being confined to minimum quantities of wheat, agricultural implements, motor cars and trucks, chemicals, drugs, timber, and a few other essentials that can qualify for a permit.

Export Control

Measures to control exports of the Colony's produce to countries within EPU—the result of much increased favourable trading balances—were first taken in February last, when all exports to those areas were prohibited. Later the prohibition was altered to apply only to sisal, copra, tea, wax and timber.

A further decree allowed the export of the above products to EPU countries to the extent of 70 per cent of the 1951 value. Any trade over this figure incurs a penalty of 30 per cent of the excess. This amount is frozen and the exporter cannot use it.

Another form of export control recently adopted was a tax on excess income, designed to force exporters to return to the Colony all proceeds of sales, rather than maintain a percentage in foreign accounts. The law is that 85 per cent of the difference between the 1949 price and the 1952 price (as quoted in London or New York) for copra, sisal, cashew nuts and cottonseed is to be taken by the Government and used generally for the benefit of each separate industry.

All these changes indicate that the authorities feel somewhat confused over the situation. The control of imports from dollar sources, however, causes no hesitation or indecision. The policy is to prohibit or cut imports to the bare minimum.

General business conditions in Portuguese East Africa have been good during the first five months of 1952. The demand for goods is firm; imports have been sufficient to enable merchants to meet most requirements. There has been, however, some dislocation on the export side as a result of the dwindling American markets for tea and sisal and the restriction on exports to EPU countries. Nevertheless, the ports of the Colony continue to record fair tonnages of general cargo and substantial quantities of tea, vegetable oils, copra, cottonseed and timber, destined for Europe and South Africa. The cashew nut trade with India is being maintained satisfactorily.

Oil expressers and soap manufacturers—who experienced a bad year in 1951 because of lack of primary products, particularly ground nuts and mafurra—are optimistic this year. Good crops of these products seem assured.

Second plantings of maize and rice have done well and good yields are expected. The food outlook is therefore much brighter than it was earlier in the year.

Port Facilities Improved

Throughout the past twelve months, the congestion that developed in Lourenço Marques from time to time was never very serious. Today the port can be described as operating normally. The arrival of six or seven ships at the same time, of course, causes delays but such delays are slight compared with those experienced at Beira until recently. Lourenço Marques is soon to receive 100 new trucks for harbour services. This will improve service considerably and may raise the handling capacity to 1,500 tons of cargo a day.

In Beira too, good progress has been made towards restoring normal working conditions. Since the arrival last March of ten new locomotives, the tonnages handled by the railways have increased substantially and the accumulation of cargo awaiting discharge has been reduced. All congestion was expected to be overcome by summer. A new wharf to be completed in October will provide much needed additional accommodation.

—BLAIR BIRKETT

Canadian Government Trade Commissioner

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

General Notes

AUSTRALIA

New Distilling Company—A company known as Sunraysia Co-operative Distillery Ltd. has been registered in Melbourne, with a nominal capital of £ A250 thousand, to carry out a co-operative scheme of manufacturing, producing and marketing spirits and other grape products. The registered office will be at Mildura, the centre of the Victorian grape-growing industry—Melbourne, August 25.

CHILE

Census Figures—Latest figures on the recent census give a total of 5,915,376 people. This compares with 5,023,539 at the last census in 1940, and is an increase of 17·8 per cent. The most important increases are in the Province of Santiago—1,748,609, an increase of 37·8 per cent—and in the Province of Concepcion, 409,919, an increase of 33 per cent—Santiago, August 5.

DENMARK

Dollar Premium Scheme—To increase dollar earnings, the Danish Government recently adopted a dollar premium scheme, effective August 15, 1952, whereby exporters of Danish goods to dollar areas will be allotted 10 per cent of the value of their dollar exports. This amount will be placed at their free disposal in European currency and may be used without restriction for imports of European goods. Import licences obtained in this manner will be transferable. It is expected that these free import permits will largely be used to import passenger automobiles—Oslo, August 19.

PHILIPPINES

Dollar Allocations Cut—The Central Bank of the Philippines has announced that the dollar allocation for imports during the second half of 1952 will be \$160 million, compared with \$190 million in the first half of 1952. The reduction was undertaken to comply with the Government's dollar retrenchment policy. Both controlled and decontrolled commodities will be affected—Manila, August 15.

SWEDEN

Dollar Imports Cut—Sweden has announced a reduction of imports from the dollar area for the second half of 1952 of 100 million kronor (about \$19 million Canadian at the present rate of exchange). A number of goods, including metals, chemicals and machines, will be affected.

The reason for this action is reported to be an expected decline in dollar earnings this year because of a weakening in the U.S. market for Swedish pulp—Stockholm, August 15.

Trade and Tariff Regulations

Bermuda Permits Import of Onions

The Bermuda Supplies Commission advised importers on August 5 that onions may now be imported into the Colony from Canada and U.S.

A notice of August 14 informed importers that permits will no longer be considered for the import of work gloves from dollar sources.

Jamaica Lifts Ban on Canadian Meats

Kingston, August 28—FTS—Because of the outbreak of foot and mouth disease in Canada, Canadian meats originating in provinces west of Ontario have not been allowed entry to this Colony during the past few months. Now that Canada has been officially declared free of the disease the ban has been lifted.

Indonesia's New Foreign Exchange Regulations

Singapore, August 26—FTS—Indonesia has introduced new foreign exchange regulations, effective August 12, under which importers of goods not deemed essential from all sources must purchase inducement certificates priced at 100 or 200 per cent of the value of the goods. In addition, no foreign exchange will be made available for the importation of luxury goods. The purpose of the new regulations, it is stated, is to assure the importation of essentials and to limit imports of a less essential nature. To carry out these regulations, imports have been classified into the following four categories:

- The first category comprises essential commodities for which foreign exchange will continue to be made available at the rate of 11.40 rupiah to one United States dollar. It includes the following goods of interest to Canadian exporters: wheat flour, canned sardines, evaporated milk, linseed oil, certain cotton fabrics, builders' hardware, certain chemicals, textile machinery and needles.

- The second category, consisting of less essential goods, is subject to payment of inducement certificates costing 100 per cent of the nominal c.i.f. price of the goods, in addition to foreign exchange at the officially quoted rate. This makes the effective rate of exchange 22.80 rupiah to one United States dollar. Among the commodities in this group, Canadian exporters may have an interest in rolled oats, pharmaceutical specialties, automobiles up to 2,500 c.c., fountain pens and propelling pencils not combined with precious metals, and certain kinds of paper.

- The third category is made up of semi-luxury goods which may only be imported upon payment of an inducement certificate of 200 per cent of the c.i.f. value in addition to the regular rate of exchange, resulting in an effective rate of 34.20 rupiah to one U.S. dollar. This category includes electric refrigerators, radios and automobiles over 2,500 c.c. valued up to \$2,100.

- For the fourth category, which embraces luxuries, foreign exchange will not be made available. The only items in this category which may be of interest to Canada are automobiles valued over \$2,100, and fountain pens combined with precious metals.

The new regulations do not cancel the requirement for obtaining dollar certificates in addition to the exchange at the rates outlined above for imports from the dollar area. The price for dollar certificates is at present fixed at .60 rupiah per U.S. dollar.

Ad valorem customs duties are payable on the basis of the effective rate of exchange for the commodity concerned, thus taking into account the value of the new inducement certificates.

Exporters may obtain information as to the classification of individual goods in relation to the new categories by writing to the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa.

Ceylon Revises Import Control Policy

Colombo, August 27—FTS—As a means of conserving dollar expenditure on goods of a generally non-essential type which are normally available from sterling and soft currency sources, some nineteen commodities have been removed from Open General Licence No. 2, which covers imports from Canada, the United States, Philippine Islands, and specified Central and South American countries.

By a notification of the Acting Controller of Imports and Exports, effective August 25, the following goods, when they are the product of the above named countries, become subject to individual import licence: wireless goods and apparatus, including batteries and accumulators; refrigerators and refrigerating machinery; apparel of artificial silk, wool, cotton, leather, or any material other than silk or satin (including banians, hosiery, haberdashery, hats, millinery and artificial flowers, but excluding boots, shoes and leather belts); piece goods of cotton, bleached, dyed, grey, or printed; cotton mosquito netting; cotton thread; unspecified cotton manufactures; sanitary towels; flannel; woollen and worsted manufactures other than carpets, rugs, and scarves; blankets of mixed materials; handkerchiefs of artificial silk or of mixed materials (single or in lengths); unspecified manufactures of artificial silk other than mufflers and scarves; linen manufactures other than sail cloth and canvas; gloves, other than rubber gloves.

Boots and shoes, leather belts, and rubber gloves, which are mentioned as exceptions to the above items, were excluded from O.G.L. No. 2. They continue to be subject to individual licence. The other goods mentioned as exceptions—woollen and worsted carpets, rugs and scarves, artificial silk mufflers and scarves and linen sail cloth and canvas—are still admissible under O.G.L. No. 2.

Venezuelan Regulations for Agricultural Chemicals

Caracas, August 29—FTS—A new Venezuelan regulation controlling the manufacture and importation of fertilizers, insecticides, herbicides and prepared animal feeds was published August 28, 1952. It becomes effective immediately and will be administered by the Ministry of Agriculture and Stockbreeding. This regulation requires that all such products be approved and registered by Venezuelan authorities prior to sale, through the submission of three samples of each product, complete details of the composition, and additional copies of the label. The cost of the

Venezuelan analysis and eventual registration is to be borne by the applicant and will range from a minimum of bolivares 500 to a maximum of bolivares 1,000.

Article six of the regulation refers specifically to labelling and requires that the following information be shown in Spanish:

- Name, mark or commercial denomination of the product, addresses of the manufacturing firm and their representatives;
- Declaration of the active principles, inert materials which it contains and their effective percentages;
- Net weight of the contents in a container;
- Directions for use or dosage and other particulars;
- Label clearly indicating its toxicity, if any, and antidotes;
- Number under which it was approved by the Ministry of Agriculture and Stockbreeding.

A complete copy of the regulation in English can be obtained either from the International Trade Relations Branch of the Department of Trade and Commerce in Ottawa or from the Canadian Government Trade Commissioner, Apartado 3306, Caracas.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. H. Palmer, Consul General of Canada and Trade Commissioner in Manila, Philippines, began a tour of Canada on June 15; will visit the following cities in the next few weeks:

Montreal—Sept. 8-19

Ottawa—Sept. 20-23

Toronto—Sept. 24-Oct. 1

F. W. Fraser, formerly Commercial Counsellor for Canada in Melbourne, is continuing his Canadian tour and will visit the following cities during September and October:

Saint John—Sept. 15

Hamilton—Sept. 30

Quebec—Sept. 18-19

Ottawa—Oct. 2-4

Toronto—Sept. 22-29

Montreal and vicinity—Oct. 6-16

Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

R. F. Renwick, formerly Assistant Commercial Secretary in Bombay, has been appointed Assistant Commercial Secretary in Tokyo. Before sailing for his new post he will complete his Canadian tour in Vancouver, Sept. 15-19.

Businessmen may get in touch with these officers at Boards of Trade in Halifax, Saint John, and Montreal; Canadian Manufacturers Association in Toronto; Chambers of Commerce in Quebec and Hamilton; and the Dept. of Trade and Commerce (355 Burrard St.) in Vancouver.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

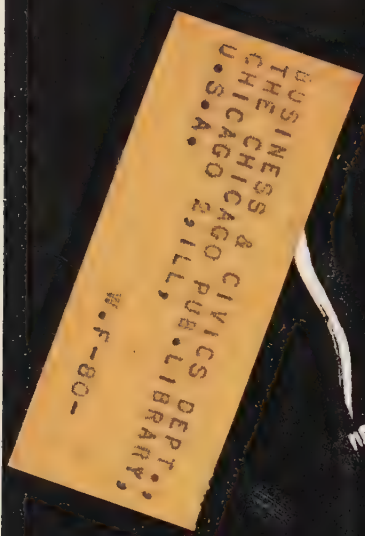
TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay, Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	C. M. Croft, Commercial Counsellor for Canada	City Mutual Life Building, 60 Hunter Street, SYDNEY	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351
Australia (Victoria, South Australia, Western Australia, Tasmania)	R. W. Blake, Acting Commercial Secretary for Canada	83 William Street, MELBOURNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Australia	R. W. Blake, Agricultural Secretary for Canada	83 William Street, MELBOURNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boite Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	†T. J. Monty, Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> ii-33-88
Brazil	C. R. Gallow, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140
Brazil	C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
Ceylon	Paul Sykes, Canadian Government Trade Commissioner	Galle Face Hotel, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner	Calle 19, No. 6-39, BOGOTA	<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
Cuba	A. W. Evans, Commercial Secretary	Canadian Embassy, Avenida de las Misiones 17, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> M-9839
† Dominican Republic Haiti, Puerto Rico	R. E. Gravel, Canadian Government Trade Commissioner	% Royal Bank of Canada Ciudad Trujillo	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN
Egypt Aden, Anglo-Egyptian Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Iraq, Lebanon, Saudi Arabia, Syria	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
France Algeria, French Morocco, French West Africa, Tunisia	J. P. Manion, Commercial Counsellor for Canada	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor	Canadian Embassy, 22 Zitellmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES OFFICE TELEPHONE
Germany	Wm. Van Vliet, Agricultural Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	Mail: (City Address) Cable: CANADIAN Tel.: Bonn 38927
Greece Israel	†H. W. Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	Mail: (City Address) Cable: CANADIAN Tel.: 72-853
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner	28, 5a Avenida Sud, GUATEMALA CITY	Mail: P.O. Box 400 Cable: CANADIAN Tel.: 5590
Hong Kong French Indo-China, South China, Macau, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	Mail: P.O. Box 126 Cable: CANADIAN Tel.: 28336
India	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	Mail: P.O. Box 11 Cable: CANADIAN Tel.: 40191
India Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, BOMBAY	Mail: P.O. Box 886 Cable: CANADIAN Tel.: 20672
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United States	M. B. Bursey, Consul of Canada and Trade Commissioner (Fisheries)	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY	Mail: (City Address) Cable: CANTRACOM Tel.: JUdson 6-2400
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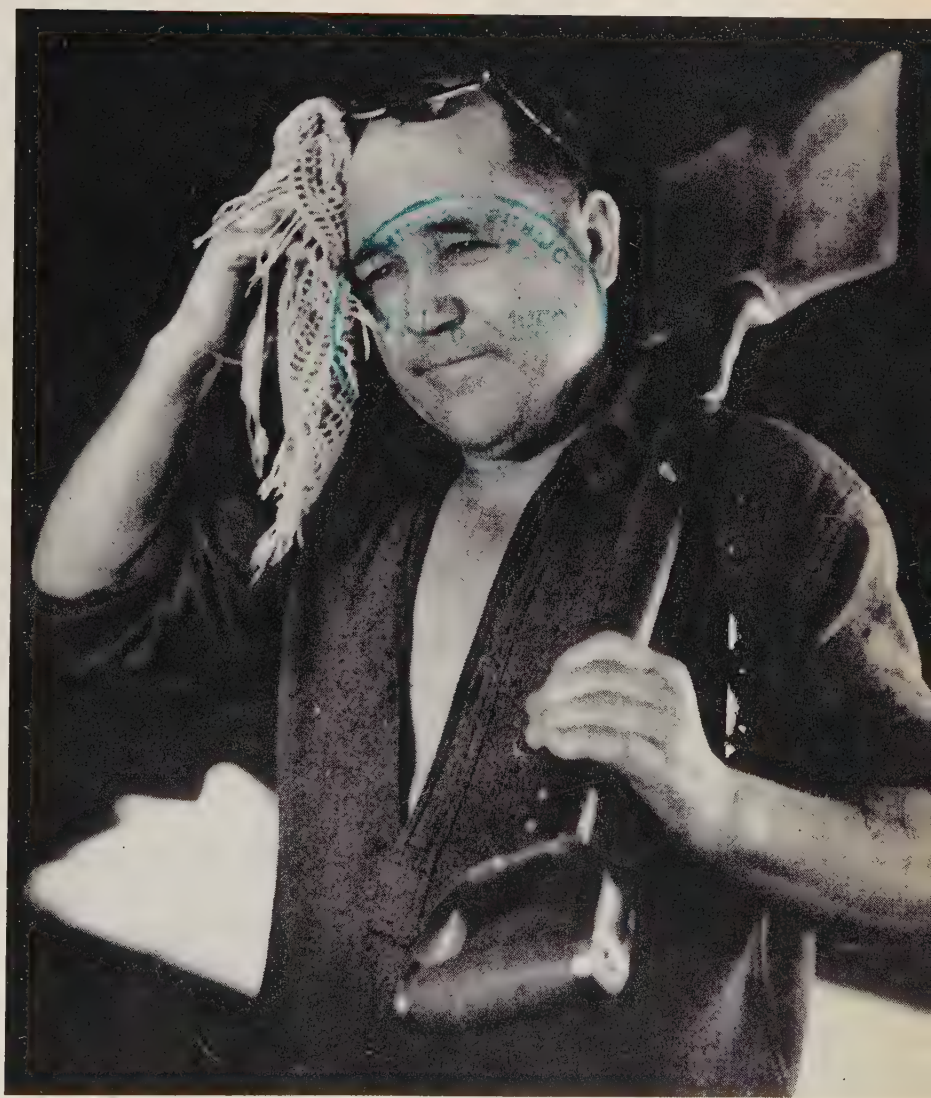
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Australia Tries Austerity (page 4)



foreign trade

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Australian Official Photo

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Farnborough--and British Exports

The recent Farnborough air show illustrated British leadership in airplane design; gave promise of aircraft exports to bolster U.K. dollar earnings.

LONDON—For aircraft enthusiasts in the United Kingdom the first week of September is a period of great interest and excitement, because the Society of British Aircraft Constructors holds its annual exhibition and flying display then.

The 1952 show will probably be regarded as the most successful since the war. There many people saw for the first time a number of new British civil aircraft which should not only revolutionize air travel in the future, but should also play a significant part in stimulating British exports and redressing the adverse balance of trade.

Outstanding Aircraft

The De Havilland *Comet*, a four-engined jet transport which is already in service on a number of British Overseas Airways Corporation routes, has received world-wide publicity. In fact, a large number of countries have already ordered *Comets*. The cost of operating these new planes in comparison with the conventional piston planes of similar capacity has not yet been accurately determined; the *Comets* have not been in commercial service long enough for accurate assessment of overhaul and maintenance charges over protracted periods. Nevertheless, indications are that these planes will show a more favourable cost per passenger mile than the conventional piston-type aircraft. The *Comet* had been seen at previous displays, but this year it appeared with more powerful engines, a higher top speed, and a greater cruising range.

First Appearances

Out of nearly sixty different aircraft shown, twelve were new types making their first appearance at a Society of British Aircraft Constructors' display. An important "first" at this year's show was the Bristol *Britannia* which promises to be the most economic airliner yet produced anywhere. The British Overseas Airways Corporation has placed orders for 26 of these machines to be used on high-density, long-distance routes. The plane will seat 100 passengers, is powered with four airscrew turbine engines, weighs 130 thousand lb., has a maximum range of 5,550 miles and a cruising speed of 360 m.p.h.

Another machine of great promise is the Saunders-Roe *Princess*, a ten-engined flying boat weighing over 140 tons—the largest and heaviest aircraft made in this country. In view of the runway problem when large

land planes are used, the performance of this flying boat—which can use water for take-offs and landings—is being watched with particular interest.

A novel aircraft at Farnborough was the two-engined twin rotor helicopter, manufactured by the Bristol Aeroplane Company. This helicopter should have a wide civil and service application.

For the Armed Services

The most sensational part of the show was the military aircraft. Three of the fighter planes on display have pierced the sonic barrier and two of these are already being made for the armed services. A new delta-winged bomber was also shown. This plane, powered with four jet engines and with a speed approaching that of sound, is expected to become a standard bomber with the Royal Air Force.

British Designers in Lead

The display, which is now described on both sides of the Atlantic as, “the greatest air show on earth”, confirms the current British lead in civil aircraft design. No other country in the world is producing a jet transport of the calibre of the *Comet*. British designers are making greater use of “prop jets” than those of any other country and there are a large number of aircraft on British airlines using this type of power, with all its advantages.

This undoubted lead by British manufacturers has produced a wave of inquiries from abroad which, if production can be organized in time, should yield handsome dividends in the form of increased export earnings. This applies not only to military aircraft (which are in demand by a number of European countries) but to civil aircraft as well. Major operators in Canada and the United States have shown keen interest in equipping their fleets with British machines and indications are that substantial orders will be placed if reasonable deliveries can be promised.

Labour a Problem

To some extent, labour is a bottleneck to greater production. The current labour force in the aircraft industry in the United Kingdom is about 200 thousand. Re-armament demands have had some effect on the output of civilian types, but the priority given to export business is not materially less than that for rearmament. The basic problem is thus one of stepping-up productive capacity. It now remains to be seen whether British production facilities can capitalize on the sensational achievements of British aircraft designers.

Exports of airplanes, airships and balloons and parts have increased steadily since the end of the war. In 1946, the gross value of such exports from the United Kingdom was £14·6 million. By 1948 the figure was £25·8 million. Last year shipments were valued at £41·6 million and indications are that the figure will be even higher in 1952.

—R. P. BOWER

Commercial Counsellor for Canada .

Australia Tries Austerity

Full effect of the recent import cuts will be felt in the fiscal year which began last June 30th, as Australia attempts to balance her trade.

SYDNEY—Australia's trade for the year ended June 30, 1952, showed an adverse balance of £A377·6 million as compared with a *favourable* balance of £A237·9 million in 1950-51. Included in this £A377·6 million was an adverse balance of £A282·2 million with the sterling area and of £A44·6 million with the dollar area. Exports declined from a record of £A981·8 million during 1950-51 to £675·6 million; imports rose to a record of £A1,053,217,000 from £A743,871,000 the previous year. The excess of imports over exports thus was over 50 per cent of the total of Australia's exports for the year.

Drastic Import Cuts

This serious imbalance in trade made necessary the drastic import restrictions on goods from all sources introduced last March, the effects of which are now being felt. During the postwar years, goods from the dollar area had been severely restricted but the present restrictions apply to goods from all sources. One gets a good idea of the results of these restrictions by glancing at the trade statistics for June. These reveal that imports from all sources were down to £A55·6 million from £A76·1 million in 1950-51. This trend will become more pronounced in later months as the full force of the restrictions is felt.

Wool Prices Fall

Australia's present unhappy trade position stems largely from the substantial drop in wool prices. The lower prices meant a fall in export values of wool from £A633·3 million during 1950-51 to £A323·8 million in 1951-52. Part of this decrease came from the lower volume of wool shipped, but the greater portion resulted from the price reduction.

In addition to the decrease in wool receipts, exports of pineapple, meat, wheat and dairy products declined substantially, largely because drought cut down production greatly. A rapidly increasing population, which naturally consumes larger quantities of foodstuffs, accentuated the export problem.

A number of factors contributed to the record value of imports. Prominent among these were the following:

- A backlog of demand for overseas goods, previously in short supply, but which became available during the year.

- Increased imports for defence and development projects.
- Imports of capital equipment under the \$100 million loan from the International Bank.
- The general prosperity which prevailed during most of the year and which stepped up the demand for imported luxuries.

Outlook for Coming Months

Prospects for a more evenly balanced trade during the present year appear good, though in all probability there will still be a small adverse balance. The main factors working towards improvement are:

1. The extremely tight import restrictions imposed last March.
2. The general tightening-up in the economy, which has transformed gross over-employment into sectional unemployment, particularly among unskilled workers, with a resulting cut in consumer spending.
3. A possible increase in exports, particularly of primary produce, reflecting the Government's encouragement of primary producers and the more favourable climatic conditions.

Canada's prospects for trade with Australia remain disappointing, though during the year under review imports from Canada rose to £A23·5 million from £A16·9 million in 1950-51. This increase was, however, entirely due to expenditures on equipment for defence and development projects, and for essential industries. Dollar expenditures will continue to be made only for essential goods which cannot be obtained from soft currency sources. Australia had a favourable trade balance with Canada of £A254 thousand in the year 1950-51, but since then trade between the two countries has resumed its traditional pattern. During 1951-52, for instance, Australia's adverse balance with Canada was £A13·3 million. Under the circumstances, Canadian exporters cannot expect any general improvement in Australian markets until the sterling area's dollar difficulties are solved.

—C. M. FORSYTH-SMITH
*Assistant Commercial Secretary
 for Canada*

TIN INDUSTRY STUDIED

The tin industry and its problems receive close and continuous attention from a body of men who make their headquarters in The Hague, Netherlands. Known as the International Tin Study Group, it is composed of representatives of the governments of some 12 countries, including Canada, the United Kingdom, and the United States, and of various British colonies and dependencies. Its function: to survey the tin industry constantly and consider problems and difficulties that seem unlikely to find solution through the ordinary development of the world trade in tin. It publishes a *Statistical Bulletin* every month and other literature from time to time.

The Group is anxious to make the information which it gathers available to students of the tin industry. In certain cases, it may even consider paying part of the cost of a stay in The Hague for an interested student.

Pakistan's Trade Record

The fiscal year 1951-52 saw Pakistan achieve a total seaborne trade of \$983.6 million, with value of imports up by 24 per cent and value of exports down by 11 per cent.

KARACHI—When Pakistan was created in 1947, it faced the problem of selling its main cash crops—jute and cotton—abroad, to finance its imports of consumer and capital goods. Only recently has it been possible to obtain a clear picture of how this problem was tackled and what the results were.

For the first complete fiscal year (April 1948-March 1949) the total trade reached nearly \$623.7 million. The next year, 1949-50, it fell to \$593.7 million; in 1950-51, rose to \$930.2 million, and gave Pakistan its first favourable balance of seaborne trade. The unusual demand for cotton and jute made this achievement possible. The rise continued in 1951-52, when Pakistan's total seaborne trade touched \$983.6 million.

Pakistan's Seaborne Trade: August 1947-March 1952

	(In millions of dollars)		
	Imports*	Exports (Including re-exports†)	Total
1947-48 (August 15-March 31) ...	4.1	14.5	18.6
1948-49	322.9	300.8	623.7
1949-50	328.9	264.8	593.7
1950-51	354.1	576.1	930.2
1951-52	467.6	516.0	983.6

† Re-exports are mostly to Afghanistan and represent a very small percentage of total exports.

* For private account only; does not include imports for government account.

Total Trade

The increase in Pakistan's total trade in 1951-52 was 6 per cent when compared with 1950-51, and 65 per cent compared with 1949-50. The 1949-50 trade should, however, be considered as abnormally low and accounts for the high percentage increase in the following two years. This low was caused by India's refusal to recognize the par value of the Pakistan rupee when Pakistan did not devalue in September 1949, and the consequent fall in trade between the two countries. This was followed by the unprecedented boom of 1950-51, which carried on into 1951-52 as a result of the Korean war and stockpiling policies in the West.

The following table shows Pakistan's trade with leading countries over the past two years.



This outdoor fruit shop in Karachi, Pakistan's capital, attracts many customers. In the five years since its foundation, Pakistan has made notable progress, has increased its trade with Canada steadily and is buying a wide range of products from us.

	1951-52		1950-51	
	Imports from (In millions of dollars)	Exports to (In millions of dollars)	Imports from (In millions of dollars)	Exports to (In millions of dollars)
India	82.9	182.6	79.8	110.2
United Kingdom..	100.6	89.8	93.4	88.9
Japan	126.6	69.5	55.6	95.8
France	8.4	58.9	4.3	47.7
China	12.7	38.8	21.7	25.6
Italy	30.8	38.5	21.2	46.9
Germany	16.0	36.6	8.5	36.8
Belgium	11.9	22.0	7.2	22.8
U.S.	31.2	21.0	33.2	44.8
Hong Kong	18.7	18.5	9.6	45.4
Canada	2.8	0.8	2.4	1.5

Main Imports

Pakistan's principal imports include cotton piece goods, cotton twist and yarn, machinery, vehicles, and chemicals, drugs and medicines, in that order. (The order, in fact, has not varied in Pakistan's trading history.) These products she has bought largely from the United Kingdom, India, and Japan. The United Kingdom has been the largest supplier, but in 1951-52 Japan edged out the U.K. for first place. Of total sales to Pakistan of \$126.6 million, cotton piece goods accounted for \$69.1 million, cotton twist and yarn for \$19.8 million, iron and steel manufactures for \$12.4 million.

Although Japan was the largest supplier, the United Kingdom sent Pakistan a much wider range of products, to a value of \$100.7 million. Chief among them were: machinery, (\$23.7 million); cotton piece goods,

(\$12.1 million); metals and ores, (\$9.7 million); chemicals, drugs and medicines, (\$6.9 million); vehicles, (\$8.8 million), and instruments and apparatus, (\$6.8 million).

The other important suppliers in order of importance were the United States, Italy, India, and Hong Kong.

IMPORTS

Pakistan's Seaborne Imports* 1947-48 to 1951-52

	(In millions of dollars)				
	(Aug. 15-Mar. 31) 1947-48	1948-49	1949-50	1950-51	1951-52
Chemicals, drugs and medicines	1.4	12.5	12.6	12.6	15.4
Artificial silk piece goods.....	.3	11.0	4.8	3.3	6.9
Artificial silk yarn.....	0.08	1.6	2.3	2.0	8.5
Cotton piece goods.....	2.6	79.4	76.8	91.8	103.2
Cotton twist and yarn.....	...	33.2	48.3	50.5	72.2
Machinery	6.5	16.7	25.4	28.5	46.0
Metals and ores.....	2.2	10.1	16.3	21.0	43.8
Mineral oils.....	8.1	8.3	9.1	18.4	26.9
Vehicles	4.0	13.9	18.3	19.1	24.0

* For private account.

Export Picture

Total value of Pakistan's exports in 1951-52 declined 11 per cent from the previous year. The United Kingdom remained Pakistan's number one customer, taking \$89.7 million (or 18 per cent) of Pakistan's total exports. Japan and France were the next most important buyers, with purchases of \$69.3 million and \$59.0 million respectively, covering about 13 per cent and 11 per cent of all exports.

Raw cotton led all other exports in seaborne trade; was valued at \$218.8 million and represented 42 per cent of seaborne exports. Japan, China and France were the principal buyers, with imports of \$26.3 million, \$37.5 million, and \$21.0 million respectively.

Raw jute was the second most important item, with total exports, including those to India, at \$356.6 million. The United Kingdom, France and Germany were the main customers for raw jute, taking \$40.7 million, \$36.9 million, and \$24.8 million worth respectively. Pakistan's other important exports were grain, pulses and flour, (\$26.3 million) principally exported to the Indian Republic; black tea, (\$15.1 million); raw wool, (\$13.3 million); hides and skins, (\$10.9 million).

Trade with Canada

Pakistan's total trade with Canada has increased steadily during the past four years—from \$3.2 million in 1948-49 to \$3.7 million in 1951-52.

Pakistan statistics, for private account only, reveal that the country's trade with Canada has always been heavily in our favour. We import from Pakistan largely raw jute, black tea, and raw wool; Pakistan buys from us a wider range of products, including motor vehicles, metals and ores, machinery and millwork, paper and paper products, belting for machinery, chemicals, drugs and medicines.

—A. P. BISSENET
Commercial Secretary for Canada

The Angolan Market

LEOPOLDVILLE—Angola must import all the machinery, textiles and foodstuffs it needs because the manufacturing industry in this Portuguese West African colony is still very small. Of the total imports in 1951, valued at 1,950 million escudos, Portugal supplied 50 per cent. The United States was the next most important supplier with 15·4 per cent, followed by England with 12·4, Germany with 4·8, and Benelux, 3·4 per cent.

Portugal's prominence as a supplier is partly the result of heavy tariff protection. Portuguese goods come in under a preferential tariff, and a 20 per cent customs rebate applies to goods imported in Portuguese ships. Portuguese shipping lines maintain a regular service to Angola and most imports from Europe are routed via Portugal.

Local Representative Needed

Much of Angola's import trade is carried on through firms established in Portugal. A local representative in Luanda (the capital of the Colony) is advisable for selling consumer goods. For heavy goods, particularly those sold to the Government under contract, the services of a Lisbon firm with a branch in Luanda are useful because tenders for such goods are developed in both cities. Good local representatives are hard to find because the number of first class firms is small and they are bombarded with requests.

Purchasing Power Small

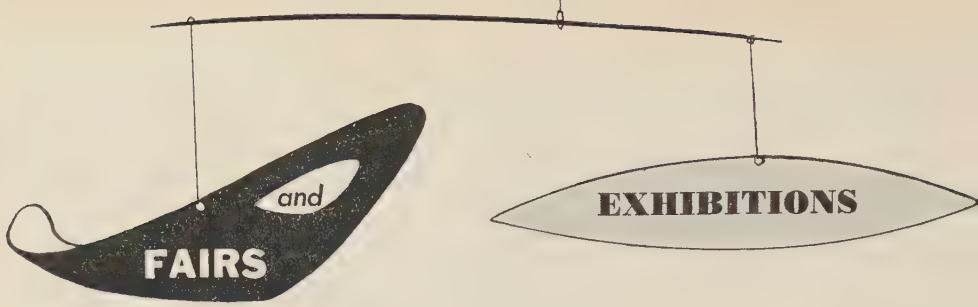
The natives' purchasing power is small and is concentrated at Luanda and Lobito, and along the railway lines Luanda-Malange, Lobito to the frontier of the Belgian Congo, and Mossamedes-Sa da Bandeira. They spend their money on cheap, strong, boldly patterned cottons, hoes, bicycles, and an occasional sewing machine or radio.

The Colony's foreign exchange policy has changed little since 1950. Foreign exchange allocations for hard currency countries must still come from Lisbon. The monthly allocation for goods purchased from the dollar area is still limited to 35 thousand contos (approximately \$1·5 million). However, some dollar imports are paid for with "free dollars" obtained on the free market. In such cases, import licences are not automatically granted by the local authorities.

Angola's exports in 1951 were valued at 1·01 million escudos. Only 18 per cent of the total exports went to Portugal; Holland took more than 15 per cent, France 15 per cent, and England 14·5 per cent.

Economic conditions in the Colony seem good today, although the demand for the export crops is less brisk. Angola's great problem is to maintain the present trade and to keep the new markets acquired in recent years.

—L. A. CAMPEAU
*Acting Canadian Government
Trade Commissioner*



A First in Footwear

The evening of October 14 will see the doors open on Canada's first National Canadian Shoe and Leather Fair, in the Automotive Bldg. at the Exhibition Grounds, Toronto.

The displays will have both a modern and an historical note. Cheek by jowl with a far-ranging exhibit of spring footwear will be a showing of a notable collection of historic footwear, such as military boots worn by soldiers stationed here in the early days, early shoe and slipper patterns, etc. Main drawing-card will be the four fashion shows, including a special one on Saturday afternoon the 18th for the teen-agers. Eight girl and four boy cheerleaders chosen from Toronto high schools will act as models at this show.

Special exhibits will include a display of dancing and ballet shoes and a collection of hand-tooled shoes made by members of the Canadian Society of Creative Leathercraft, an organization formed a short time ago.

"Conquest of the Desert"

Canadian manufacturers are invited to participate in an international exhibition and fair, to be known as "The Conquest of the Desert", to be held in Jerusalem, Israel, from April 16 to May 18, 1953.

This exhibition is being planned to illustrate graphically the advances in agriculture and industry in the Middle East and to stimulate two-way trade. The organizers hope that foreign governments will display their achievements in irrigation, soil conservation, reforestation, agricultural production and processing, and various aspects of rehabilitating waste land and deserts.

Overseas firms are invited to show machinery and equipment used in such projects. The exhibits will be classified in the following way:

- Plants, animals and chemicals
- Irrigation equipment
- Agricultural equipment
- Building materials
- Building fixtures

Building construction equipment
Road construction equipment
Heavy road transport
Railway equipment
Electric power equipment
Finance and travel

The Israel Government may allocate a special amount of foreign exchange to purchase some of the machinery imported for display.

For further particulars of this exhibition, which will cover some 38 thousand square metres, businessmen should write the Director, U.S. Office, Conquest of the Desert, 139 East 57th Street, New York 22, N.Y. Joint sponsors are the Government of Israel, the Jewish Agency, the Jewish National Fund, and the Palestine Jewish Colonization Association.

Dairy Show

Chicago will play host, from September 22-27, to the Dairy Industries Exposition, organized by the Dairy Industries Supply Association, Inc. The latest equipment for processing, refrigerating, selling and delivering dairy products will be on display, and a number of national and international dairy groups will be meeting while the exhibition is on. Interested exhibitors or prospective visitors should write to Robert Everett, Executive Vice-President, Dairy Industries Supply Assoc., Inc., 1108 Sixteenth St., N.W., Washington, D.C.

Fair Calendar

The following fairs of special interest to business are taking place in Montreal and Toronto in the next two months:

Graphic Arts Exhibition, Show-Mart Bldg., Montreal, October 6-12.

National Canadian Shoe and Leather Fair, Automotive Bldg., C.N.E., Toronto, October 14-18.

Business Show, National Office Management Association, Windsor Hotel, Montreal, October 14-16.

Canadian National Packaging Exposition, Coliseum, C.N.E., Toronto, October 21-23.

Farm and Farm-Home Equipment and Supplies Exhibition, Winnipeg, Man., November 4-5.

Automotive Transport Association Show, Automotive Bldg., C.N.E., Toronto, Nov. 7, 8, 10.

Tool and Equipment Show, Show-Mart Bldg., Montreal, November 11-14.

Royal Agricultural Winter Fair, C.N.E., Toronto, November 14-22.

Swedish Agriculture and Its Problems

Mechanizing agriculture to meet a growing labour shortage, increasing meat production, are current objectives in Sweden's agricultural policy.

STOCKHOLM—Swedish agriculture has, since the war, made considerable progress, spurred on by the increased demand for foodstuffs. War experience showed the importance of agriculture as a part of preparedness and agricultural policy since the war, therefore, has aimed at self-sufficiency in an emergency.

Sweden is already nearly self-sufficient in food but depends on imported chemicals and machinery to produce it. Labour shortage is a serious problem which must be met by higher yield per acre, mechanization and better pay for the workers. During recent years Sweden has been able to export agricultural products—to a value of 374·2 million kronor in 1951. The import value of chemicals and machinery for agriculture in 1951 amounted to approximately 329 million kronor, of which 122 million was for fodder and 142 million for fertilizers and phosphorite. Fuel also figures largely in imports necessary for agriculture, with present requirements at approximately 225 million cubic metres.

The Labour Problem

Government authorities and agricultural representatives have been working together to control production by regulating prices. They have also made efforts to improve agricultural wages. Although the wages of agricultural workers have increased by 56 per cent in the period 1946-1951, wages in industry have gone up further and the gap between the two has widened. The demand for more industrial workers has been filled partly from agriculture. Often the deciding factor has been the improved living conditions in industrial areas. In 1935, 36 per cent of the total population worked in agriculture and allied branches; by 1945 this had decreased to about 28 per cent. In 1952, it was about 23 per cent.

The decrease in the labour supply has led to greater use of machines in agriculture, and on the whole this has made for greater efficiency. In a number of cases the use of machines has had to be carried further than the economy justifies. Sometimes too it has been necessary to introduce methods which are really not suited to Swedish conditions. One example is harvesting by combines, which is now done on a larger scale than the available drying facilities warrant.

Investigations show that the cost of purchasing machines and equipment has increased greatly during the last few years. A machine worth \$100 in 1938 cost \$144 by 1945 and \$261 in 1950. Almost three-quarters of this heavy increase took place after 1946. In 1950 agriculture's expenditure on machines and equipment was over a quarter of a billion kronor.

Characteristic of the development during recent years was the purchase in 1950 of more than three times as many tractors as during 1946. In 1951, the number of combines in use was between eight and nine thousand. And mechanization has not only affected the large farms but has also reached the medium-sized and smaller farms, as better servicing facilities have become available.

Production

Despite the labour problem, and thanks to mechanization, agricultural production has been maintained and in some cases increased. In addition, the machines have helped to retain some labour in agriculture as, with tractors and other equipment, the work has become lighter and more attractive.

Cultivation of bread grain is decreasing and in certain years imports have become necessary. Rye has dropped by 20 thousand hectares since 1946. The cultivation of autumn wheat also shows signs of declining but so far this has been balanced by increased cultivation of spring wheat—in 1951, 42 per cent of the total bread grain area. Spring wheat cultivation has almost doubled compared with prewar. In certain years, farmers have sown spring wheat instead of autumn wheat when conditions have prevented autumn sowing. This, however, is not the only reason for the extended cultivation of spring wheat; more fertile and suitable sorts have become available and prices have often been particularly favourable.

The total acreage planted to fodder grain has changed little, although the various types have shifted. The area sown to oats is less because there are fewer horses; on the other hand, cultivation of barley and mixed grain has increased. The cultivation of leguminous plants has decreased



Although the number of dairy cattle has been decreasing, Sweden's milk production has gone up 20 per cent per cow. This is a Swedish-Friesian the breed which gives the highest milk yield.

since the war. Since 1944, the hay crop has decreased by about 4 per cent; pasture land has increased. Potatoes and root crops are less widely grown; sugar beet cultivation during 1950 and 1951 was about the same as in 1946.

The most interesting postwar agricultural development is probably the progress made with oleaginous plants. From an area of about 40 thousand hectares during the war, this crop has grown to 190 thousand hectares in 1951, which made it possible to produce 136 thousand tons of cattle food from oil. With the development of hardier plant types, cultivation is gradually spreading northwards.

Somewhat similar is the development of textile plant cultivation. This trend began during the war and in recent years an area of 5,000-6,000 hectares has been cultivated. The development of oleaginous and textile plant cultivation affords an example of how price regulation and other measures can turn cultivation into completely new channels. During 1951 exports of oleaginous plant products were valued at approximately 44 million kronor. Modern methods of plant protection, DDT preparations etc., have played a big part in stepping up oleaginous plant cultivation. Losses from disease and insects are still considerable, however, and much remains to be done.

Yield

During the period 1946-50, all plant types yielded a larger average harvest per hectare than during the war. A comparison between the postwar years and the thirties, however, shows that during the period 1946-50 no plant type, with the exception of barley, yielded such a large average harvest as during the thirties. This, however, is largely the result of labour shortage. Better and more fertilizers and weed killers, and the improvement of plant strains, are all playing their part in the yield increase. Since 1947 the consumption of nitrogen has increased by 62 per cent, phosphoric acid by 66 per cent and potash by 23 per cent.

Between 1946 and 1950 the harvest of bread grain was about 15 per cent less than in the thirties, and the present average harvest of bread grain barely covers Sweden's requirements. Fodder grain production has dropped by about 21 per cent since the thirties.

Cattle Farming

During the years 1939 to 1950 the number of dairy cattle decreased by about 150 thousand but despite this, milk production has gone up. The increase in yield per cow is estimated at 500 kg., or about 20 per cent, thanks largely to better condition of the cattle. The increase has meant quite a large surplus of dairy products, which now constitute one-third of all agricultural exports. In the year 1950-51, about 25 million kilograms of butter were exported and 3,000 tons of this went to Canada.

The raising of beef cattle, on the other hand, has dropped in the postwar period. Pork production has shown a gradual increase and is now about 10 per cent above the prewar period. This increase, however, does not completely balance the smaller supply of other meat and one objective of Swedish agricultural policy is increasing meat production.

Sweden made its first large-scale attack on hoof and mouth disease during the years 1914-16. A more serious outbreak came in 1924-27 when the cost of slaughtering amounted to 25 million kronor. The epizootic in 1938-40 resulted in the slaughtering of cattle, pigs and sheep at a total

cost of 12 million kronor. The present epizootic, which originated in Germany and came to Sweden in October 1951, has so far cost the state about 17·8 million kronor for slaughtering. The use of vaccine was begun in 1939 but not until this year could it be used on a large scale. Sweden does not yet produce vaccine but receives supplies from Denmark under a special agreement whereby she contributes to the cost of Danish research in this field. An investigation is going forward on production of vaccine in Sweden.

Swedish agricultural policy has, at the moment, several minor objectives, in addition to the major ones outlined. One is decreasing imports of concentrated cattle food and in this, the greater harvest of oil-producing plants will help. Another is adapting fodder and milk production so that exports of dairy products, often made at unfavourable prices, can be decreased. It is hoped, too, to rationalize production of cattle food, mainly by an improvement in the quality of pasture fodder. Sweden's requirements of concentrated cattle food would thus decrease and milk production become more profitable. This in turn would lead to a better balance between fodder production and milk production.

—KENNETH G. RAMSAY
Acting Commercial Secretary for Canada

Report on Northern Ireland

BELFAST—The falling world demand for textile products emerged as a major economic problem in Northern Ireland during the first six months of 1952. The textile trades collectively form the largest manufacturing group and the famous linen industry has been particularly hard hit. In other lines, shortages of raw materials have hampered production.

For some years the Government has been working towards the diversification of industry. A census of production in Northern Ireland covering the year 1949, published early in 1952, reveals some progress towards this objective. The textile industries declined in relative importance and the metal and engineering group made headway. Increases were shown by the building and contracting, clothing, chemicals, and miscellaneous industries—in that order.

The number of unemployed persons registered during the past three months shows the economic trend. In May they numbered 51,165, or 11 per cent of the total insured population; in June, 49,569 (10·6 per cent); and in July, 60,353 (13 per cent).

In an effort to create employment, the Government has started projects and made special efforts to obtain orders for idle industries. Earlier in the year the Northern Ireland Government began discussions with the United Kingdom Minister on better utilization of the labour force and manufacturing resources of the territory. Some results of these talks have already been announced. They include arrangements for the Admiralty to provide three new shipbuilding slips on the north side of the river at Belfast, where 1,000 men will be employed on naval construction, and a scheme for the extension of the runway at Sydenham Aerodrome, Belfast.

Government orders have also been placed with the depressed linen industry, but full recovery there must await increased demand from overseas markets.

External Trade

The 1951 trade figures, just published, show that the total trade of Northern Ireland in that year reached the record figure of £478·5 million, an increase of £75 million compared with 1950 and almost five times greater than the total recorded fifteen years ago.

Imports totalled £261·4 million and exports £217·1 million, for an adverse balance of £44·4 million. Statistics on goods handled at the principal ports show the volume of imports as 5·6 million tons, an increase of 207 thousand tons over 1950. Exports, however, fell from 1,036,000 tons in 1950 to 1,007,000 in 1951.

In recent years approximately four-fifths by value of Northern Ireland's imports have come from or through Great Britain, and over nine-tenths of exports have been shipped to or through Great Britain. However, the figures as they stand are misleading, because a large part of the goods consigned to or from Great Britain are in fact going to or coming in from other countries. To a great extent the products of local factories, though shipped in the first instance to Great Britain, are known to be destined to overseas markets.

Linen and Rayon Lead

Linen and rayon goods (other than yarns and threads) led all other exports, with a value of £47 million, compared with £35 million in 1950. Next came the composite item of tobacco, ropes, ships and aircraft—£34·6 million, compared with £31·2 million in 1950. Shipments of food and drink were valued at £32·5 million, only a little more than in 1950. Livestock exports reached £15·4 million (£12·2 million in 1950).

In imports, food, drink and tobacco headed the list, with a value of £62·8 million, an increase of £11·2 million over 1950. Next came raw materials and articles mainly unmanufactured—£40·0 million, compared with £30·1 million in 1950. Imports of wholly or mainly manufactured articles reached £150·4 million (£132·2 million in 1950). Direct imports from Canada amounted to about £5 million in 1951, compared with £4·9 million in 1950 and £4·2 million in 1949.

—H. L. E. PRIESTMAN

Canadian Government Trade Commissioner

BRITAIN RAISES TELEGRAM RATES

The British Post Office has increased its rates for telegrams to Canada and the United States from 9 cents a word to 14 cents, effective September 1. This is the first rise in telegram rates in a quarter of a century, the Post Office states, and is the result of higher wages and mounting equipment costs.

Transportation Notes

THE FRENCH NATIONAL RAILWAYS last year carried the largest volume of traffic in its history, exceeding the peak year 1929 by 5 per cent. The railworkers' production was greater too, although not large enough to offset the higher operating costs. The wage index for transport workers rose over 30 per cent during the year ending October 31, 1951, and higher fuel and material costs prevented the railroad from paying its way.

The average freight car loading increased to 13·1 from 12·3 tons in 1950, and the heavier traffic was handled by a 4·5 per cent smaller working force. The number of locomotives in use dropped from 8,521 in 1950 to 8,326 in 1951. This reduction in workers and rolling stock was the most striking development in the railway picture, and it is expected to continue.

Highways and Airlines

France has an excellent network of highways, and each year since the war has seen an increasing (10 to 15 per cent) use of road transport for both passengers and goods.

The record production of motor vehicles in 1951 put 2·6 million private cars, heavy and light trucks, and buses on the highways. Prewar, the national motor fleet totalled 2·2 million. Public passenger transport revenues were up 30 per cent over 1950 and, allowing for increased fares, it is estimated that between 5 and 10 per cent more passengers were carried. Goods moved by road increased by 10 per cent.

The steady annual increase in the volume of freight and in the number of passengers carried by air continued during 1951. Air France, the national line, accounts for 70 per cent of the passenger-kilometres flown, and 60 per cent of the ton-kilometres. In addition, it has the airmail monopoly.

This airline flies the longest regular flights of any company in the world; its regular lines cover 210 thousand kilometres.

Each year since the war the volume of French river and canal traffic has grown, but 1951 was the first year it exceeded (by 7 per cent) the 1938 figure. The volume of goods transported within France, import traffic, and transit carriage all increased substantially over 1950. Export traffic showed little gain. Ores, construction materials and fuels were the principal goods carried by water.

A large proportion of the 10,354-ship river and canal fleet—tonnage 3,695,000—is over age; 39 per cent was built before 1920. Only 12·3 per cent of the fleet has been built since the war. The reconstruction program begun after the war called for 1,650 ships; 1,400 had been delivered by the end of 1951. The building program is being held up because the shipyards cannot get enough of the right type of steel sheet.

—JAMES H. STONE

Assistant Commercial Secretary, Paris

The U.S. Lumber Market

Lumber output in the U.S. during the early months of 1952 declined slightly; imports also decreased. Lumber dealers are pressing for greater observance of grading rules and the use of grade marks.

NEW YORK—Uncertainty characterized the U.S. lumber market during the first quarter of 1952. The Lumber Survey Committee, in a recent report, suggested that international affairs, the domestic political situation, and the confused state of the economy contributed to the “wait and see” attitude evident in all phases of the industry.

Lumber production in the first quarter totalled an estimated 8,698 million board feet—some 3.5 per cent below the corresponding period of 1951, but well in line with earlier years. Average wholesale lumber prices showed a nominal quarterly increase of only 0.2 per cent and retail yard lumber stocks increased seasonally during the first quarter.

Since the beginning of April, output of lumber has tended to fall below last year's second quarter, and to exceed the first quarter this year. Reports indicate a scarcity of adequate stumpage at reasonable prices in some regions. Many mills that were formerly operating overtime have returned to the 40-hour week and the strike in some of the Western mills in early May has affected production in that area.

Stocks and Shipments

Estimated lumber shipments during the first quarter of 1952 totalled 8,818 million board feet, 6.4 per cent below the first quarter of last year and 2.1 per cent below the fourth quarter of 1951.

Gross mill stocks of lumber on March 31, 1952, stood at an estimated 8,211 million board feet, an increase of 28.4 per cent over stocks on March 31, 1951. Although mill stocks decreased 1.8 per cent during the first quarter of 1952, they were an estimated 1,815 million board feet above the level of March 31, 1951. Retail yard lumber stocks were estimated at 5,363 million board feet at the end of March 1952 and had gained 6.2 per cent during the first quarter.

New orders during the first quarter of 1952 were estimated at 9,117 million board feet, 4.8 per cent greater than quarterly production and 3.4 per cent above shipments. Unfilled orders on March 31, 1952—an estimated 2,423 million board feet—were 20.2 per cent below a year ago. At the end of March 1952, unfilled orders equalled 30 per cent of gross stocks, compared with 47 per cent on March 31, 1951.

Demand for hardwoods during the first quarter of 1952 continued dull, although slightly more lively than in 1951's fourth quarter. Production of hardwood flooring in the first quarter reached an estimated 240.4 million board feet, 1.6 per cent less than in the previous quarter and

14.4 per cent below the first quarter of 1951. Hardwood flooring shipments virtually balanced first-quarter production and new orders were 7.6 per cent above production.

Output of furniture, by dollar volume, during the first quarter this year was estimated at 18 per cent less than 1951's high January-March production. This year's dollar volumes of first-quarter shipments and of orders received were also below the corresponding period of 1951 by 18 and 20 per cent respectively.

Exports of lumber during the first quarter of 1952 came to an estimated 212.9 million board feet, of which 169.0 million feet were softwoods and 23.1 million feet hardwoods. First-quarter lumber exports were 22.3 per cent below the fourth quarter of 1951, but 6.0 per cent above the first quarter of 1951.

Lumber Imports Decrease

Imports of lumber during the first quarter of 1952 totalled approximately 514.6 million board feet, a decrease of 15.2 per cent from the fourth quarter of 1951 and of 16.3 per cent from the first quarter of last year. They were made up as follows:

	First Quarter 1952 (In million feet)	First Quarter 1951 (In million feet)
Softwoods		
Douglas fir	85.2	116.7
Hemlock	28.3	42.7
Fir and hemlock	29.8	67.0
Spruce	208.9	197.3
Pine	59.1	83.1
Cedar	46.7	37.7
Other softwoods	9.3	5.2
Total softwoods	467.3	549.7
Total hardwoods	47.1	63.5
Total box shooks	0.2	0.8
Total railroad ties (sawed)	0.0	0.6
Total Lumber Imports	514.6	614.6

Dealers Protest Quality

Canadian shippers will be interested to hear that lumber dealers and suppliers to the building trade have been complaining about the quality of lumber they have lately received from wholesalers.

Dealers have protested the growing practice of quoting prices on mixed grades of softwood and of making shipments that do not bear recognizable grade marks. Dealers particularly object to receiving quantities of green unseasoned lumber mixed in with their orders. They point out that the builder and consumer would be served more effectively and at lower cost by the use of dry lumber (19 per cent or less moisture content).

The cost of transporting dry lumber by rail would partially offset the cost of drying it at the mill. Dry lumber, particularly dimension, can be handled both in the retail yard and on the job site more cheaply than unseasoned green lumber from the saw.

In calling upon lumber manufacturers to identify their lumber grades with a recognized association grade mark, the retail dealers deplore the practice of limiting offerings to combination grades of softwood lumber

and urge the manufacturers and wholesalers to return to the former custom of offering only straight grades specifically described and in conformity with standard recognized grading rules.

Percentages of lower grades included in shipments of orders for mixed grades has increased substantially in recent months, in some instances up to 50 per cent of the total quantity of lumber delivered. This is despite the fact that grading rules of most of the manufacturers' associations provide for straight grades of lumber only and do not recognize combination grades.

—A. E. BRYAN

*Deputy Consul General of Canada
and Trade Commissioner*

Mexico Produces Sulphur

MEXICO CITY—Mexico, once an importer of sulphur, is rapidly becoming an important producer and a potential exporter of this mineral.

Until the national oil administration, Petroleos Mexicanos (Pemex), started to operate a gas washing plant at the Poza Rica oil field in April 1951, a mine in the central state of San Luis Potosi was the only domestic sulphur source. Before the end of last year, however, Pemex placed 19,756 metric tons of refined sulphur on the market and the 11,079 tons at the mine brought domestic production up to 30,835 tons.

Mexico imported 10,093 tons of sulphur last year and exported 6,945 tons under licence of the Secretariat of National Economy. The Canadian newsprint industry took 55,115 cwt. at a cost of \$263,444. The Government arranged for the Mexican textile industry to receive artificial fibres from Cuba in exchange for about 3,000 tons of sulphur. Brazil, Finland and Sweden obtained smaller quantities through similar arrangements.

Mexican sulphur production amounted to only 9,800 metric tons in 1949, when 7,158 tons were imported and apparent consumption was 16,628 tons. Production remained the same in 1950, but the increasing demands of domestic industry called for imports of 11,407 tons. Apparent consumption in that year reached 20,566 tons.

The Banco Nacional de Mexico has estimated that production this year will be in the neighbourhood of 46 thousand metric tons. Mexico has agreed to supply a quota of 12,000 tons a year to the Sulphur Committee of the International Materials Conference, and although local industrial concerns have been granted quotas for this year of 44,600 tons, leaving, apparently, only 1,400 tons available for export, the majority of these firms will by no means use up their allotted supplies.

Pemex confidently expects to increase daily production at Poza Rica to 150 metric tons during this year, and thereafter to 200 tons. Meanwhile, a number of U.S. companies (chiefly in southern Mexico and with the help of credits which were granted a year ago by the Export-Import Bank) are preparing to go into production for export before the end of the year.

—CLIVE B. SMITH

*Office of the Commercial Secretary
for Canada*

Commodity Notes

FINLAND

Road-Building Machinery—One million dollars of the \$20 million loan received by Finland from the International Bank has been set aside to buy road-building machinery in the dollar area. Most of this amount has already been covered by contracts with United States manufacturers. However, \$75 thousand is still under negotiation and Canadian companies have been asked to submit catalogues and price lists—Stockholm, August 26.

GREECE

Olive Oil—The ban on the export of olive oil has been lifted by the Greek Ministry of Trade. Henceforth exports of any quantity of olive oil from the free market are permitted against free foreign exchange or through clearing. In the past only tinned olive oil was permitted export in small quantities or as gift shipments. Olive oil production during 1951 was 140 thousand metric tons, a very good crop. Estimates for the 1952 crop are 74 thousand metric tons. Stocks of olive oil on March 1, 1952, were 166 thousand tons—Athens, August 18.

INDIA

Peanut and Linseed Oil—The Government of India has fixed a quota of 20 thousand tons of peanut oil for export during July-December 1952, in addition to the shipments which will take place during this period against January-June quotas. Peanut oil quotas for the first half of the year were 42 thousand tons. The export quota for linseed oil during July-December has been fixed at 20 thousand tons; for the first half of the year, the quota was 25 per cent of the best year's exports for each individual trader—New Delhi, August 13.

INDONESIA

Desiccated Coconut—The first desiccated coconut factory to be built in Indonesia began operations in June. The plant, located in the Celebes, was constructed and will be operated for one year by a Philippine company until enough Indonesian personnel are trained. The Indonesian Government plans eventually to sell the \$400 thousand enterprise to private companies. The yearly crop of coconuts in the areas surrounding the factory is about 90 thousand tons and brings in Can.\$7 million a year. It is hoped that the plant, which will employ 400 workers, will give the coconut industry a greater return, and compensate for the drop in world prices—Singapore, August 18, 1952.

IRELAND

Milk Products—A new milk products factory has been opened by a well-known London firm at Oldtown, Letterkenny, Co. Donegal. Other factories under the same organization are operating in Northern Ireland. The total

intake of milk on the opening day was 1,200 gallons. Main product of the new factory will be condensed milk, all of which will be exported—Dublin, August 18.

JAMAICA

Dolomite—The Jamaica Geological Survey Department has announced that extensive deposits of dolomite (carbonate of lime and magnesium) have been discovered in this Colony. Dolomite is used in the iron and steel industries. However, because there is no coal in Jamaica, it is unlikely to be used here for those purposes but rather as an agent for correcting soil acidity, as a fertilizer, and perhaps as the base for certain specialized polishes—Kingston, August 29.

MEXICO

Cattle—A profitable market for beef on the hoof which was lost early in 1947 following Mexico's first outbreak of foot and mouth disease was regained September 1, when the United States ban on imports of live cattle was lifted. Up to 1946, Mexico exported an average of 500 thousand head of cattle annually for fattening and slaughter in the U.S., and this figure may be surpassed during the next few years. No less than 300 thousand head are expected to be driven over the frontier before the end of this year. The Secretariat of Agriculture reported in mid-June of this year 17·7 million cattle in the 14 Central Mexican states quarantined since the end of 1946.

The meat packing and freezing industry which has grown up since 1947 may have some difficulty in finding sufficient supplies in Northern Mexico, where it is concentrated. Government credits will be issued to replenish herds through import of breeding stock, and in order to obtain a more equitable geographical distribution of herds. Canada's reputation as a supplier of breeding animals has been greatly enhanced by the quality of stock sold to Mexican breeders during the past three or four years, although the numbers were comparatively small—Mexico City, August 25.

UNITED STATES

Timber—Timber cut from national forests totalled 4·4 billion bd. ft. during the fiscal year ending June 30, 1952, the U.S. Department of Agriculture announced. This represents a decrease of 269·8 million bd. ft. from the 1951 cut.

The amount of timber taken from the 151 national forests dropped primarily because of the severe winter and late spring, the Forest Service says. Deep snows stopped logging operations for several months in the Pacific Northwest and California, two of the heavy timber-producing regions of the country. The 1952 (fiscal year) timber cut of the East, South and Midwest, on the other hand, showed an increase over the 1951 record. About 40 per cent of the national forest timber cut came from Washington and Oregon. Second highest producing region was California, with 665·8 million bd. ft.—Washington, August 28.

French Mines and Their Output

Output of iron ore, coal, bauxite and other minerals reached new records in 1951; potash production declined slightly.

PARIS—By far the most important mineral resource of France and its greatest natural export asset is iron ore. Total production in 1951 amounted to 35.2 million metric tons, against 30 million in 1950, 31.4 million in 1949, and 33.1 million in 1938.

Deliveries to French mills were the greatest ever recorded—some 22.7 million tons; deliveries to the Saar totalled 5.5 million tons. Exports to other countries—principally Belgium-Luxembourg—totalled 9.3 million tons. Though these deliveries drew on stocks to a considerable extent, the situation cannot be considered dangerous. Monthly production at the end of 1951 and during the first two months of 1952 far exceeded the year's average. In fact, it reached a high in January which, if projected over a full year, would bring production up to 42 million tons.

Bauxite

Bauxite ranks as the second most important mineral in France and production in 1951 outstripped that of any previous year. This was in line with the very great increase in the production of aluminum. Bauxite output totalled 1.1 million tons in 1951, against 804 thousand in 1950, 768 thousand in 1949, and 648 thousand in 1938. Of this 1951 production, 366 thousand tons were exported, against only 190 thousand tons in 1950, and provided a valuable source of foreign exchange. Deliveries to domestic reduction plants, including withdrawals from stock, came to 790 thousand tons, which in turn produced 91,104 tons of primary aluminum.

Coal

Production of coal both in France and in the Saar Basin increased notably in 1951. French production came to 52.9 million metric tons and that of the Saar to 16.1 million, for a total of 69.1 million tons. This compared with 66 million tons in 1950 and 60.9 million in 1938. The number of mine workers remained substantially the same—169,707 in France and 38,379 in the Saar—but was considerably below the immediate postwar average. However, the increased output per man-day was gratifying and further re-equipment and modernization could accentuate it.

Imports of coal came to 9.9 million tons, compared with 8.8 million in 1950, 17.3 million in 1949, and 20.5 million in 1938. Thus France covered 88 per cent of her consumption of 79 million tons (including the Saar). In 1938, consumption amounted to 81.4 million tons and 25 per cent of this had to be imported. Probably France could have used more if it had been available, though other sources of energy have greatly

increased. It should be noted, however, that of total imports, 4.5 million tons still came from the United States and this seriously strained French dollar resources.

Phosphates

Coal drained off dollars; by contrast, phosphate rock brought in foreign revenue, though mostly from soft currency countries. This rich phosphate rock mined in North Africa is used to produce superphosphates and other fertilizers. North African production increased in 1951 to a record 7.2 million tons, against 6.1 million tons in 1950, 5.8 million in 1949, and only 4.1 million tons in 1938. The latter was about the prewar average. The Moroccan mines have been developing far more rapidly than those of Algeria and Tunisia and now account for about 75 per cent of production. Of total production, nearly six million tons went to foreign countries in 1951, against slightly over five million tons in 1950. Total revenue from this source may well have amounted to the equivalent of \$50 million in the soft currencies of the recipient countries. Canada has on occasion tried to obtain some of this production, so far without success.

Pyrites

Because of the world-wide shortage of sulphur, most countries made a special effort in 1951 to increase their own production. France was no exception. French production of pyrites with a 42 per cent sulphur content came to 280 thousand tons in 1951, against 245 thousand in 1950, 205 thousand in 1949 and 145 thousand tons in 1938. In addition, France imported 704 thousand tons of pyrites of 45 per cent grade, against 570 thousand tons in 1950.

The amount made available to French industry from all sources, in terms of pure sulphur, is estimated at about 450 thousand tons. Main sources of foreign pyrites are Cyprus, Portugal and Spain.

Potash and Salt

The output of Alsatian potash diminished somewhat in 1951 amounting, in terms of K₂O content, to 988 thousand tons, against about a million tons in 1950, 896 thousand in 1949, and 578 thousand in 1938. Exports came to 413,600 tons against 450 thousand in the previous year and 408 thousand in 1949.

Salt production in '51 remained fairly constant at 430 thousand tons against 360 thousand in 1950, 445 thousand in 1949 and 450 thousand tons in 1938. Some 120 thousand tons were exported.

—JAMES P. MANION

Commercial Counsellor for Canada

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

General Notes

FRANCE

Minimum Wages—The minimum guaranteed hourly wage of French workers will henceforth rise with the monthly cost-of-living index established for Paris. By the terms of a law passed on July 18, each time the "index of family expenditures" rises by 5 per cent, the minimum legal wage (now 100 francs per hour) will be increased proportionately. Only one increase will be allowed in any period of four months. This measure, which has been under discussion for many months, is not expected to result in any immediate rise in the wage structure. The cost-of-living index has fallen slightly each month since February—Paris, August 15.

Price Maintenance Controlled—Minimum prices of goods and services may no longer be fixed by trade associations or manufacturers, according to regulations published in the *Journal Officiel* of July 19. Branded products are excepted from the rule for the present and will be dealt with by a special regulation. These are temporary measures, pending the passing of a comprehensive anti-trust law, now before Parliament—Paris, August 15.

IRELAND

Drug Company Formed—A company to produce pharmaceutical and therapeutic drugs is being formed in Dublin. The new firm will have two well-known French biological manufacturing firms connected with it. The company has a registered capital of £100 thousand and will work in close association with Frigerifico (Ireland) Ltd., which will start production of chilled and frozen meat for export about next September. The glands of cattle and sheep will be secured from this firm.

The new company will eventually manufacture heperaine, chiefly used in blood transfusions and for heart disease; ACTH, the stimulating factor of cortisone; STH for tuberculosis, and lipocaic, an important new drug. When the demands of the Republic are met the company hopes to export the drugs, particularly to dollar countries—Dublin, August 20.

ISRAEL

Exports Increase—During the period January-March of this year imports totalled I£31.5 million, and exports I£6.5 million. This compares with imports of I£25.7 million and exports of I£6 million during the first three months of 1951.

Exports during the first two months of 1952 showed a slight increase over the same period of last year because of higher exports of fresh citrus fruit. Prices for oranges, which accounted for more than half of the total, were satisfactory. Textiles showed a decline, in line with the general slump of textile goods on world markets. The export of chocolate suffered from import restrictions in Great Britain—Athens, August 9.

PHILIPPINES

Steel Mill—The National Shipyards and Steel Corporation has sent a group of technicians and engineers to Iligan, Lanao, on the Island of Mindanao, to undertake initial work in the construction of a \$3.75 million steel mill. The mill is to be built near the Maria Cristina hydro-electric project and will obtain its power from this plant—Manila, August 15.

SOUTH AFRICA

Reserves Low—The Union's reserves of gold and foreign exchange are the lowest in $2\frac{1}{2}$ years. Reserves held by the South African Reserve Bank tumbled £7,664,760 during the past month, forcing the ratio of gold reserves to liabilities below 60 per cent for the first time since the beginning of 1950. Cause of this drain on gold and foreign exchange is believed to be payments made to overseas suppliers for goods ordered last year, but not delivered until the first six months of this year—Johannesburg, August 18.

SWEDEN

Import Arrangement—A tripartite transaction between Sweden, Israel and the United States was recently arranged. Swedish exports to Israel of about \$6 million are involved, and imports to Sweden from the United States to a value of approximately \$4 million. According to guarantees given by the authorities, over half of the income from exports to Israel may be used in payment for imports from the U.S. The remaining dollars are to be deposited at the Riksbank.

The exports concerned consist of wood products, engineering products and foodstuffs. Imports cover U.S. agricultural products such as cotton and dried fruit—Stockholm, August 24.

UNITED STATES

Commodity Futures Market—Activity in the commodity futures markets continued comparatively high in the United States during the fiscal year ended June 30, 1952, it is announced.

Grain futures trading on all markets amounted to 12.8 billion bushels, an increase of 5.7 per cent over the preceding year. Cotton futures trading was 94.9 million bales, an increase of 20 per cent. Other commodities with larger trading volumes were wool tops, butter, potatoes, and cottonseed oil. Futures trading in eggs, lard, soybean oil, and millfeeds showed decreases.

In all but four commodities the level of open contracts (speculative and hedging combined) was higher on June 30, 1952, than one year earlier. The exceptions were butter, bran, cottonseed meal, and soybean meal.

Twelve per cent more people were in the markets than in the preceding year. Total customers' funds in brokers' hands amounted to \$159.7 million compared with \$145.6 million. The enforcement of special regulations to curb large-scale speculation in soybeans and eggs was begun during the year—Washington, August 28.

Trade and Tariff Regulations

NEW UNITED STATES-VENEZUELA TRADE AGREEMENT

The United States and Venezuela signed a Supplementary Trade Agreement on August 28 which amplified and amended their former trade agreement of 1939. This new agreement will become effective on October 11, 1952.

The Venezuelan concessions listed in the new agreement cover 179 tariff items in comparison with 88 in the former agreement. It is estimated that the percentage of United States exports benefiting under these concessions is double that covered by the 1939 agreement. Canadian exports of the products listed under the new agreement will be granted the reduced rates on the same basis as the United States.

Canadian exports to Venezuela amounted to approximately \$27 million in 1951 and are running at the rate of \$40 million this year. Canadian imports from Venezuela amounted to \$137 million in 1951. Some of the principal Canadian exports to Venezuela are included in the concessions made to the United States, among them wheat flour, evaporated and condensed milk, canned hams, trucks and passenger cars.

Important to Canada

Items of importance to Canadian exporters which will receive new or improved tariff concessions include the following: fresh and refrigerated apples and pears; cheddar cheese; rolled oats; wheat flour, barley malt; baby and dietetic foods; rye or bourbon whisky; spectacles; copper wire and cable; galvanized sheets; table flatware; unassembled trucks and passenger cars; radio and television receivers and parts; refrigerators; instruments; wick and pressure type lamps and lanterns; cash registers; generators and transformers; bathing suits.

Duty-Free Items

Among the products which are bound duty-free by Venezuela, are road-building and printing machinery; printing inks and supplies; electric irons; stoves (except coal-burning); water heaters and ovens; parts for agricultural machinery; tractors and ploughs; Douglas fir and white pine squared timber more than 25 cms. thick at both ends. Douglas fir sawn timber, and rough lumber of 25 cms. or less in thickness at both ends remain bound at the reduced conventional rate of 0.15 bolivar per kilogram gross.

Some items formerly included in the Venezuelan concessions to the United States have been omitted. As a result higher rates of duty now apply on these items. Among the most important products affected are canned salmon and sardines, crackers, and tires and tubes for passenger cars.

A complete list of the products included in the new agreement is available from the International Trade Relations Branch.

Irish Customs Duty on Tanks

Dublin, September 4—FTS—The Government of the Republic of Ireland has made an order entitled Emergency Imposition of Duties (No. 287) (Tanks, Cisterns, etc.) Order, 1952. The effect of this order is that the flat rate of import duty of $33\frac{1}{3}$ per cent ad valorem, mentioned at Tariff Ref. No. 127 (a), which heretofore applied only to specified tanks and cisterns of iron or steel, with a capacity of from 3 to 50 gallons, is now extended to cover all such tanks, etc., irrespective of shape. This order became effective September 2, 1952. A duty free licensing provision is attached to the order.

Bermuda Amends Foot and Mouth Regulations

The Colonial Secretary, Bermuda, has advised importers that the notice of March 3 prohibiting imports of any live animals from Canada because of foot and mouth disease has been revoked.

Trade Commissioners on Tour

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. H. Palmer, Consul General of Canada and Trade Commissioner in Manila, Philippines, began a tour of Canada on June 15; will visit the following cities in the next two weeks:

Ottawa—Sept. 20-23

Toronto—Sept. 24-Oct. 1

F. W. Fraser, formerly Commercial Counsellor for Canada in Melbourne, is continuing his Canadian tour and will visit the following cities during September and October:

Toronto—Sept. 22-29
Hamilton—Sept. 30

Ottawa—Oct. 2-4
Montreal and vicinity—Oct. 6-16

Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

Businessmen may get in touch with these officers at Boards of Trade in Halifax and Montreal; Canadian Manufacturers Association in Toronto, and the Chamber of Commerce in Hamilton.

La semana proxima
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Next week

„foreign trade” presents
a round-up of business
conditions in sixteen Latin
American countries, prepared
by Canadian Trade Commis-

foreign

trade

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SEPTEMBER 27, 1952



Business Conditions in Latin America



South of the Rio Grande

This week "Foreign Trade" turns the spotlight on Latin America—that vast area that stretches from the Rio Grande far south to the Straits of Magellan. From nine offices of the Foreign Trade Service in that area we have gathered reports on 17 different countries . . . reports on how business has been going, on Canada's success in that market, on the outlook for the immediate future.

"Business conditions" reports, as we like to call them, have long been a "Foreign Trade" feature. We used to publish them one by one. Now we are combining the reports from each area into a special issue, to appear about every three months. Early January will bring the Asia and Northern Africa number; in March, we shall feature the Commonwealth countries; in June, Europe.

This way of presenting these reports should appeal to those with a particular interest in a particular area. But we have no intention of presenting articles on these countries only once a year. We promise interim and special reports to keep our readers abreast of developments.

Our Latin American issue comes from the press at a moment when Canada's trade with those countries is climbing steadily. Back in 1950, we sold about \$143 million worth of goods to Latin America; last year, those sales jumped to \$208 million. And in the first six months of this year alone, our exports to Latin America have reached \$148.3 million. We have good grounds for our interest in that area.

This issue, we hope, will stimulate that interest . . . answer some of your questions about the business background in Latin America . . . and be a useful reference in the next few months.

—The Editor.



foreign trade

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spot, give a composite
of business in that vast
hich the map outlines.

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Argentina and Its Problems

Three droughts and a dollar crisis have nearly halved Argentina's foreign income; cut off most imports. But there are signs that conditions may slowly improve.

BUENOS AIRES—Serious inflation aggravated by a third successive drought spells austerity for Argentina during the rest of 1952 and early 1953. The lack of exportable surpluses of agro-pastoral products and the resulting shortage of foreign exchange (vitally needed to purchase raw materials abroad) were the fundamental causes of the economic contraction in Argentina during the past twelve months.

Foreign Trade

Provisional statistics show the aggregate value of Argentine foreign trade during 1951 as 17,189·6 million Argentine pesos,* an increase of 6,941·2 million pesos over the 1950 figure of 10,248·4 million pesos. However, these totals do not give a dependable indication of the real trend of Argentine foreign commerce. Argentine imports and exports are effected in accordance with a multiple rate of exchange. Without complete and detailed trade statistics, it is impossible to determine what percentage of that trade is transacted at each of the various exchange rates. And these rates vary from five to about 14 or 15 Argentine pesos to the U.S. dollar, or its equivalent in other currencies.

The following table indicates the downward trend in exports. Imports, however, remained fairly high because of fear of continued inflation and the desire to turn currencies into goods.

Argentine Foreign Trade

Year	Volume of trade (in 1,000 tons)		Value of trade (in million pesos)		Trade balance
	Exports	Imports	Exports	Imports	
1946	8,199·1	8,341·1	3,973·1	2,331·7	+1,641·4
1947	9,305·5	11,103·9	5,504·9	5,348·5	+ 156·4
1948	8,759·4	14,332·6	5,541·8	6,189·7	— 647·9
1949	5,943·2	12,161·9	3,718·9	4,641·7	— 922·8
1950**	7,474·0	10,752·3	5,427·3	4,821·1	+ 606·2
1951**	5,782·1	12,052·1	6,710·9	10,491·7	—3,780·8
First quarter 1951..	1,402·8	2,581·2	1,653·6	1,681·1	— 27·5
First quarter 1952..	817·1	3,132·8	987·2	2,934·5	—1,947·3

Source: Sintesis estadistica mensual, June 1952.

** Figures provisional only.

For purposes of comparison, the price increases in Argentine exports of agro-pastoral products and in goods imported must also be discounted to make any useful appraisal of the current trend.

* 1 Argentine peso=approx. 6·9 cents Canadian at the free rate of exchange.

During the period under review, Argentina maintained its traditional policy of effecting the bulk of its foreign trade through bilateral trade agreements. The most important trade agreements during the past year were signed on April 23 with the United Kingdom, and on October 26 with the Federal Republic of Germany, both for one year. As in 1950, the United States was Argentina's best customer and supplier, followed by the United Kingdom, Brazil, Germany, Italy, France and Sweden, in that order.

Greater imports and much lower exports resulted in a higher Argentine trading deficit during the first quarter of 1952. In fact, the rate was 600 million Argentine pesos per month for a cumulative quarterly adverse balance of trade of nearly two billion pesos. This compares with a deficit of 27·5 million pesos for the corresponding period in 1951. These figures gain special significance when one remembers that the first quarterly deficit of this year by itself equals roughly 80 per cent of the



—Pan American Union

These oil wells at the Comodoro Rivadavia field are not the solution to Argentina's critical dollar shortage; the key to her problem is greater agricultural production. This means the present stress on industrial development must be transferred to agriculture.

total adverse balance during 1951. And 1951 was the worst trading period ever recorded in Argentina. This trend continued into April, when the accumulated negative balance of trade exceeded two billion Argentine pesos.

This negative balance is expected to grow gradually until March or April 1953, when the next year-end crops may possibly yield export surpluses. It is expected that during this year the total foreign exchange income will be only slightly higher than 50 per cent of the country's foreign earnings in 1951. In other words, this country will probably not be earning during the whole of the current year much more than the equivalent of \$600 million U.S. all told, in various types of foreign exchange.

Argentine-Canadian Trade

Total Argentine-Canadian trade during 1951 was equivalent to \$22·8 million; the corresponding figure for 1950 was \$24·3 million. Tighter Argentine restrictions on imports from the dollar area were largely responsible for a \$4·5 million reduction in Canadian exports. However, the decrease in Canadian export values during 1951 was largely offset by an increase in Argentine exports to Canada. In 1951 these rose by \$3 million over 1950 to approximately \$14 million. This resulted in an adverse balance of trade for Canada of some \$5 million. In that period, about 50 per cent of the total Canadian exports to Argentina consisted of agricultural machinery in general, (\$4·2 million); about 15 per cent of asbestos in various forms (\$1·27 million); 12 per cent of lead ingots, and some 7 per cent of aluminum, mainly in primary forms. The remainder was made up of automobiles, brass valves and other metal products, drugs, chemicals, etc.

Canada's import trade with Argentina followed the traditional pattern: about 20 per cent canned meat (\$2·7 million); 12 per cent cotton seed oil (\$1·5 million); 8·5 per cent cattle hides (\$1·13 million), and the balance mainly quebracho extract, tung oil, and wool, in that order.

The Dollar Situation

The dollar crisis which began in the latter part of 1947 continued throughout 1951. In consequence, the country's dollar-earning capacity has been reduced to a minimum, partly because of the international wool market which has become increasingly stagnant since April of last year. At the moment, Argentine wool shipments to world markets (particularly to the United States, the principal buyer of this commodity) are practically at a standstill. Reliable estimates place Argentina's wool stocks immediately available for export at some 200 thousand metric tons, the equivalent of one year's production. A further clip is due in December.

In addition to the sluggish demand, Argentine wool is barred from world markets because the authorities have fixed too high a minimum price on exports of wool from this country. Recently they granted a more advantageous rate of exchange for exports of wool which will, to some extent, eliminate this drawback. The initial effect indicates this wool will move slowly. The difficulty is therefore twofold and Argentina's success in exporting its wool abroad rests largely on its solution. In addition to wool, Argentina might possibly have 200 to 300 thousand tons

of corn for export but, apart from that, she possesses no important exportable surpluses of agricultural commodities. Thus her prospects for earning foreign exchange, particularly dollars, are not promising.

Whatever surpluses the next crop may yield will not be available before February or March 1953. Canadian exporters interested in this market therefore cannot reasonably expect the almost complete prohibition of imports from dollar countries to be lifted before then at the earliest. In the meantime, the little import business with Argentina is being done on a term or credit-financing basis.

Import and Exchange Regulations

There has been no significant change under this heading during the period under review, except that the Argentine Central Bank has restricted the allocation of import permits more tightly. This curb affected not only dollar countries such as Canada, but many European countries as well. Imports into Argentina continue to require import and exchange permits. Generally speaking, every importer's application for permits is studied closely and granted or refused on its merits. The criterion supposedly employed by the Central Bank continues to be each product's essentiality to the "economic development of the country and the safeguard of its health."

During 1951, the Central Bank implemented its policy, introduced in 1950, of granting import and exchange permits on a deferred-payment basis over a period of two or more years. The most important Canadian commodity involved in this scheme is agricultural machinery and equipment. The system will probably be maintained or even reinforced as long as the dollar scarcity and the need for credit financing remains.

Capital Investment

In the latter part of 1950, the Central Bank issued regulations for the import of merchandise into the country as capital investment for the account of foreign residents. The bulk of imports under this system was not effected until 1951. Local statistics do not indicate the amount or value of the goods brought in as capital investment, but they are generally believed to be substantial. However, this type of investment—which was made more as a result of the Korean war scare than anything else—can only be considered marginal. These imports consisted principally of agricultural machinery, railway stock, and hydro-electric equipment. The main Canadian item invested in this country under the plan was capsule-manufacturing machinery. Because current regulations do not feature generous enough terms for the repatriation and remittance of earnings on these investments, trade circles generally believe that "capital imports" into Argentina have passed their peak.

As in past years, the Instituto Argentino para la Promocion del Intercambio (IAPI), the state trading agency, continued to exercise control over most of the country's exports and some of its imports. A noteworthy exception is wool, even though IAPI exercises an indirect influence on this by fixing the minimum export price. Furthermore, during 1951 IAPI expanded its import trading operations to include a wider range of products—notably a number of metals, such as tin, copper, sheet iron, zinc, etc., and substantial imports of cement, jute bags, rubber, bananas, timber, motor tires, etc.

In the past year, the value of export trade transacted by this government trading body totalled 4,608 million pesos, or 70 per cent of the total Argentine export trade.

Economic Problems

The Argentine economy continues to suffer from a disequilibrium between prices and wages and the cost of living has spiralled to an all-time high. The cost-of-living indexes disclosed by government and trade sources do not coincide but their average increase is approximately 50 per cent. According to official statistics, the cost-of-living index number in the Federal Capital rose from 296·9 in 1950 to 494·7 in December 1951 (1943, the base year, =100.) The ratio of purchasing power of the peso for 1945 and 1951 is 1:5·6. By presidential decree last February, wages and salaries were hiked up some 50 per cent, on the average. The impact of this on production costs was great and aggravated the already severe inflation. The main difficulty is that the wage increases bear no relation to industrial productivity. On the basis of 1943=100 the volume of industrial production index in 1950 was 146·7, while the corresponding index number for 1951 is up barely 4·1 points to 150·8. Despite repeated urging by government authorities for higher production and less consumption, there is every indication that the differential is widening. Strangely enough, the deterioration of economic conditions in Argentina has not precipitated any labour strikes during the past year. However, unemployment may come.

President Peron's second term administration, inaugurated on June 4, 1952, features the creation of two new government departments, the Ministries of Economic Affairs and of Foreign Commerce. These departments will divide the duties of the former Ministry of Economy.

Among other responsibilities, the Minister of Economic Affairs, with a team of four or five experts, will advise the President on economic and financial matters. As its name indicates, the new Ministry of Foreign Commerce is devoted to the promotion of Argentine foreign trade. Furthermore, IAPI, previously supervised by the former Minister of Economy, is now subordinated to the Department of Foreign Commerce.

The Outlook

The Argentine Government recently announced a more liberal agricultural policy. It has increased substantially the prices to be paid to the producers of agricultural commodities and this should be an incentive to greater production. The mechanization of agriculture has made remarkable progress in the past few months and this, in the long run, should mean greater production at lower costs. This program would eventually make Argentine products more competitive on world markets.

The key to Argentina's economic recovery lies in greater agricultural production and this implies in turn a return to the land. If this is to be accomplished, agriculture must be stressed and not, as at present, industry.

The implementation of these reforms, together with good crops and large exportable surpluses, should mean a "come-back" for Argentina. There are, however, a lot of "ifs". In any case, the country's economic recovery is not likely to be spectacular or speedy. Three years' drought cannot be compensated for by one single harvest.

—H. E. LEMIEUX

Assistant Commercial Secretary for Canada

PARAGUAY

BUENOS AIRES—Economic and commercial conditions in Paraguay have gone from bad to worse since the beginning of the year. The country's one and a half million inhabitants depend for their living almost exclusively on cattle-raising, agriculture and lumbering and these industries supply 80 per cent of the foreign exchange income. In recent months, exports of forest products have been at a virtual standstill because of the stagnant market in Argentina and a saturated market in Uruguay, Paraguay's main customers for those goods. Meat products, particularly canned beef, and other agricultural produce, the export of which is essential to the country's economic health, have been and are being sold abroad. The values and quantities involved, however, are relatively small because the unfavourable export rates of exchange cut down the incentive.

However, at the end of July this year the Bank of Paraguay, acting on the advice of an International Monetary Fund Commission, authorized the recently organized Central Bank to increase the exchange subsidy applicable to exports by as much as 60 per cent if necessary, in an effort to help Paraguayan producers meet competition in foreign markets. It is too early to forecast how much incentive this move will give Paraguayan exporters but it is a great improvement over the former policy.

Exchange Rates Modified

One of the principal developments is the modification of rates of exchange which was announced on July 28. These changes are, in effect, a depreciation of the guarani. The new rates applicable to imports are the following:

For commodities included under Group 1 (essential goods), 15 guaranies to the United States dollar, or its equivalent in other currencies; for items listed under Group II (non-essential products), 21 guaranies to the United States dollar. Group III products (i.e., luxuries) are payable at the rate of 30 guaranies to the United States dollar. A special and lower rate of nine guaranies per dollar applies to imports of absolute essentials such as petroleum and wheat flour, but this rate is described as "temporary". The former rates were six and nine guaranies to the dollar. Exports are to be liquidated at the rate of 15 guaranies to the dollar, subject to the "subsidy" already mentioned.

Current curtailment of imports and incentive to export will probably be maintained for several months. Import restrictions on goods from Canada and other dollar countries will continue in force until the dollar exchange position improves. Canadian exporters interested in the Paraguayan market should note that business prospects are not at all encouraging except for absolute essentials.

—H. E. LEMIEUX
Assistant Commercial Secretary for Canada

URUGUAY

BUENOS AIRES—Economic and commercial conditions in Uruguay deteriorated rapidly in the last six months of 1951 in sharp contrast to the relative prosperity prevailing during the first half of the year. The main difficulty has been the stagnant international wool market.

Wool is to Uruguay what agricultural and forest products are to Canada. In normal times some 50 per cent of Uruguay's foreign exchange earnings is derived from wool exports. But since April 1951, because of the weak world demand, her wool sales have gradually dropped.

Import Permits Required

Heavy imports and sharply reduced exports drained the country's foreign exchange reserves to such an extent that by April 1952 the "sworn declaration" system (automatic granting of exchange) was suspended entirely for all imports from dollar and sterling area countries. Since then, all imports into Uruguay, regardless of the country of origin, have been subject to the "previous" import permit requirement. The situation now is that goods can only be imported in accordance with exchange quotas which are opened from time to time, depending on the country's balance of payments and foreign exchange holdings.

Uruguay's trade balance in 1951 showed a deficit of approximately US\$73 million, compared with a favourable balance of US\$53 million for the previous year. The country's foreign exchange income continues to fall short of its disbursements abroad. Statistics show for the first quarter of 1952 an unfavourable balance of trade of US\$42 million, a significant, if adverse, figure when compared with a positive balance of over US\$36 million in the corresponding quarter of 1951. This state of affairs has improved a little in the last month because of some activity in the wool market. However, shipments are moving slowly and prices are much lower than last year.

Exports of wool and other agro-pastoral products should yield, trade sources calculate, the equivalent of about US\$200 million in foreign currencies. This would mean a decrease of at least US\$35 million from last year's foreign exchange income and, in accordance with Uruguayan foreign trade policy, a proportional decrease in the value of imports during 1952 can be expected. Imports in 1951 totalled approximately US\$373 million.

Importance of Wool

The paramount importance of the international wool market cannot be over-emphasized. It is the determining factor in Uruguayan policy for granting exchange permits for imports from Canada and other dollar countries. Recent developments have allowed Uruguayan authorities to open a small quota of exchange for imports of specified essential goods from the dollar area. Wool movements to hard-currency countries are slowly increasing and it can reasonably be expected that additional and larger exchange quotas will be opened.

The value of Canada's trade with Uruguay rose from approximately US\$3.6 million in 1950 to US\$6.8 million during 1951, a 90 per cent increase. The balance of Uruguayan-Canadian trade has changed drastically. In 1950, it favoured Uruguay, but last year Canada had the favourable balance—over US\$5 million.

Trade figures for the first five months of this year show a marked growth in this trend. Statistics place the value of Canadian exports to Uruguay during that period at roughly \$2 million Canadian, but the value of Uruguayan sales to Canada were a bare \$200 thousand Canadian. In other words, Canada's trade with Uruguay from January to May 1952 has favoured us by ten to one.

The composition of our trade with Uruguay follows the traditional pattern. Canada imports wool, canned beef and hides against exports to Uruguay of newsprint, seed potatoes, agricultural and industrial machinery, asbestos and chemicals.

The Outlook

If the prevailing trend in exports and imports continues, prospects are that Uruguay will, at best, establish an equilibrium in its trade. Everything depends on the country's ability to find markets and good prices abroad for its exportable surpluses and, also, on its ability to maintain the present curb on imports. The prospects for Canadian exporters will continue to depend on Uruguay's dollar exchange position. The improvement in the exchange position in the last two months, while encouraging, far from compensates for the deficit accumulated in the first half of the year. Expectations are that this improvement will be maintained, but import and exchange regulations will probably not be relaxed to any great extent for several months. Even then, the forecast is that only relatively small amounts of dollar exchange will be provided for imports and, generally speaking, only products essential to the economy will be allowed entry. At any rate, the country has large stocks of certain raw materials and the market for many commodities, it is reliably reported, is "completely saturated". Many importers are said to be disposing of their stocks at prices lower than cost, often with large losses. This is particularly true of general consumer goods.

—H. E. LEMIEUX

Assistant Commercial Secretary for Canada

What Canada Buys

Many industrial plants in Canada depend upon raw materials that come from Latin America. From Venezuela we import petroleum and refined fuel oils. Brazil, Haiti and Mexico supply us with coarse vegetable fibres; from Argentina and Uruguay we buy raw and combed wool. Quebracho extract, widely used in the tanning industry, is a product of Argentina and Paraguay; vegetable wax, of Brazil.

Brazil Faces Exchange Crisis

A record trade deficit in the first six months of 1952 has brought a tightening-up of import licences, careful consideration of other solutions to this pressing problem.

SAO PAULO—Brazil is faced with an exchange crisis which in many respects is the worst in its history. Entering 1952 with a backlog in outstanding payments, the country has steadily lost ground in its fight to improve the situation. During the first six months of 1952 the situation has become more serious because of the drop in exports. At the same time imports have increased. The result is a record trade deficit of approximately \$519 million for the first six months of '52, according to statistics from a semi-official source. In the corresponding period of 1951 the deficit was only \$32 million.

General prospects for new business cannot be called encouraging. Nevertheless the situation is better than it was during the first six months because possibilities exist for exporters of essential materials. The extent to which business is realized will depend in large part upon the willingness of exporters to wait for payment.

The Background

This situation began to emerge in the late 1940's. From the middle of 1949 to the end of 1950, the Export-Import Department of the Bank of Brazil followed a tight policy on imports payable in convertible currencies. These measures were necessary to liquidate the accumulated debts in these currencies. The restrictions imposed, combined with the record prices received for coffee exports, proved so successful that by the end of 1950 all the payments in arrears had been liquidated. Current applications for exchange were being processed immediately.

The improvement in the foreign exchange position, commencing in 1951, brought a more liberal policy on import licences, particularly those from the dollar area. Brazil was worried about the international situation following Korea and felt it advisable to permit stockpiling so that, if war came, the country would not be left without essential raw materials and equipment. Industry and agriculture, which had felt the pinch during the second half of 1949 and throughout 1950, were quick to take advantage of the change in policy and applications for import licences flowed in. The following table demonstrates clearly the greater liberality of the Export-Import Branch of the Bank of Brazil in dealing with these applications.

NOTE: U.S.\$1.00=18.50 cruzeiros.

Import Licences Granted

Currencies	Cr\$1,000,000		
	1950	1951*	% Variation
Inconvertible currencies	1,370	2,231	+ 63
All convertible currencies	1,358	2,742	+102
U.S. dollars	1,003	2,633	+163

* Includes "exchange quotas" granted for products exempt from import licence.

The result of this greater liberality was that imports in 1951 reached an all-time high of over \$2 billion. Although exports also reached a record, they did not keep pace with imports and the year's trade registered an unfavourable balance of \$253,189.

The stockpiling policy affected Brazil's balances abroad which declined from \$240.4 million at December 31st, 1950, to \$2.4 million at December 31st, 1951—a decline of some 238 million dollars. The change which took place in the balances abroad during this period can be seen from the following table:

Currencies	1,000 Cruzeiros			
	30-12-50		31-12-51	
	Availabilities	Obligations	Availabilities	Obligations
Arbitrable	2,400,039	....	....	559,265
Compensated	683,446	....	120,578	....
Blocked	1,071,865	....	203,776	....
National	291,740	....	278,816	....
	4,447,090	....	603,170	559,265

Balance available 31-12-51=43,905.

The Present Situation

Since the beginning of the year, the authorities have once again tightened up on import licences. Except for wheat and petroleum products, hardly any licences have been granted and their period of validity has been reduced to 120 days.

In spite of these measures, merchandise covered by 1951 licences has continued to flow into the country. Foreign exchange has not been sufficient and Brazil's outstanding indebtedness has continued to grow. Reports from the Federal Reserve Bank of New York show that outstanding drafts awaiting payment at the end of July were approximately \$200 million. In addition some £36 million was owed to British firms, and there were debit balances with the Netherlands, Belgium, Germany and other European suppliers. The delay in settling outstanding drafts has continued to increase; for preferential category goods, dollar remittances are delayed six to seven months. For merchandise of lower priority, the delay is even longer.

The present crisis has been compared with that of 1948 and 1949. Observers point out, however, that the present crisis is much more serious because, with the exception of Argentina, Brazil now is a debtor to all of the countries with whom she trades. In the last crisis she had large sterling balances and credit balances with the majority of the European countries. Consequently, she was able to restrict her purchases from dollar sources and divert them to other sources of supply. This is not possible now. In addition, because of the Argentine crop failure last year, Brazil must seek her wheat needs from dollar sources, to the extent of about \$200 million.



—Pan American Coffee Bureau

Workers wash the coffee beans on a Brazilian plantation. Canada buys large amounts of coffee from Brazil; in the first six months of 1952 alone, coffee imports from that country had a value of over \$10.3 million.

Nor can the same measure of relief be expected from coffee this time. In the last crisis, coffee prices were beginning to rise and this factor, more than any other, was responsible for the rapid settlement of the outstanding payments. The average price per bag of coffee jumped from 599 cruzeiros in 1949 to 1,072 cruzeiros in 1950, an unparalleled increase of 79 per cent. This meant a very considerable increase in the foreign exchange forthcoming from the coffee exported, in spite of a 23 per cent reduction in volume. Present coffee prices are excellent, but there are no prospects of any appreciable increase in prices to provide additional exchange which could be applied against outstanding payments.

However, the most serious aspect of the present crisis is the fact that only a very limited number of the principal export products can meet world prices. Important products such as cotton, rice and lumber can no longer be sold abroad except under special barter arrangements or with government subsidy. Because the present government has discouraged barter transactions, and because it has not yet undertaken to sell these products abroad at a loss to the Treasury, these products have not entered into foreign trade on any major scale this year. With the country in need of every dollar of foreign exchange it will have to find a solution for the problem created by these products, which under ordinary circumstances produce 30 to 35 per cent of the foreign exchange.

Since August 1951 there has been considerable discussion about the establishment of a free rate of exchange. The various projects presented

provide that the present official rate of exchange would continue in effect and would be used for sales of coffee and the few other products which can compete on world markets. It would also be used to import essential industrial raw materials and equipment. The free market rate of exchange would be used for the export of those products which are now above world market prices and for the import of less important products.

It would also apply to the import of new capital and the subsequent remittance of profits and dividends.

Four different bills for the establishment of a free exchange market have been presented to the Brazilian Congress. Up to the present, it has made no decision but some action will probably soon be forthcoming.

Another possibility is a return to barter transactions. There are many advocates of this solution. However, because the present government has put itself on record as being against barter, it is not considered probable that there will be a return to this system.

Short-term loans from the United States to pay off commercial dollar debts are a third possibility. The Brazilian Ambassador to the United States returned to Rio de Janeiro unexpectedly in the latter part of August and it has been rumoured that a loan of up to \$200 million may be forthcoming from U.S. financial institutions. At the present time there is no definite news of this. However, it would only be a stopgap.

New Licensing List

The authorities have taken steps to check the flow of imports and to reduce the outstanding debts. Since the beginning of the year, it has been practically impossible to obtain import licences or to renew them. The results of this policy will not be felt until the second half of the year. A further measure was taken on August 1st when the Bank of Brazil issued a new list of goods for which applications in dollars will be considered. More than 200 items have been removed from the previous list. The new list is confined to materials rated as indispensable. Applications had to be submitted by August 29th and had to cover six months' supply. Although it was not explicitly stated, presumably no applications will be accepted during the following six months.

Effect on Our Trade

Paradoxically, despite all these difficulties, Canadian-Brazilian trade for the first six months of the year has been on a record level. Our exports to Brazil during the first six months reached a total of nearly \$50 million, practically as much as our exports in the entire year of 1950 when a new record was established. However, these exports have been based almost entirely on licences issued in 1951. Imports into Canada during the first six months were approximately \$19 million which compares favourably with the figure for the first six months of last year.

Our exports to Brazil during the next six months will very likely show a considerable drop, reflecting the licensing policy followed in the first half of the year. However, Canadian exporters of essential materials whose representatives have submitted applications in accordance with the new licensing list will undoubtedly receive orders for shipment in the latter part of the year. As a result, our exports for the year will probably reach a new high.

At present dollars issued by the Bank of Brazil for payment against collections are six months in arrears. With import licences valid only for 120 days and renewals practically unobtainable, it will not generally be possible to open letters of credit before the import licence expires, and insistence upon these terms can only result in losing the business. In most instances, therefore, Canadian exporters, even of essential materials, must be prepared to offer adequate terms for financing or even arrange independent financing if they wish to participate in this market.

—C. J. VAN TIGHEM
Consul of Canada and Trade Commissioner

Canada's Treaty Relations with Latin America

CANADA exchanges most-favoured-nation customs treatment with all countries of Latin America (except Honduras) and also has comprehensive trade agreements in effect with most of these countries. In addition, a number of Latin American countries (i.e., Brazil, Chile, Cuba, Dominican Republic, Haiti, Nicaragua, Peru) are parties to the General Agreement on Tariffs and Trade. The latter countries have in recent years engaged in tariff negotiations with Canada under this Agreement, granting concessions on many items of interest to us.

As a result of these treaties and agreements, Canadian products benefit, in most Latin American countries, from the same reduced rates of duty and customs charges that apply to goods from other countries—such as the United States and the United Kingdom—and from equal treatment on customs formalities. The only exceptions are Honduras and Cuba.

Canada and Honduras exchange general tariff treatment. In the case of Cuba, although Canada exchanges full most-favoured-nation treatment, preferential tariff rates are granted by Cuba to the United States on a wide range of products. Many of these margins of preference, however, have been substantially reduced or eliminated as a result of negotiations under the GATT.

A number of Latin American countries such as Mexico, Cuba, Dominican Republic, Peru and Venezuela are virtually free of import and exchange restrictions and thus offer open markets to Canadian goods, subject only to existing tariffs and customs charges.

Because of exchange difficulties, several other Latin American countries have in recent years imposed import and exchange restrictions and these have adversely affected Canadian products. This is particularly true of Brazil, Argentina and Chile. Under the provisions of the trade agreements in force between Canada and these countries, any such import and exchange restrictions must be applied in a non-discriminatory manner as between Canada and other dollar-area countries. Thus no import or exchange restrictions imposed for currency reasons may apply to Canada that do not equally apply to the United States, Canada's chief dollar competitor in this area. Similarly, any relaxation or removal of such restrictions against dollar goods will apply automatically to Canada.

—MAURICE SCHWARZMANN
International Trade Relations Branch

Chile: Inflation Takes Its Toll

Agricultural production has declined; inflation has ravaged the economy; but Canadian-Chilean trade is holding up well.

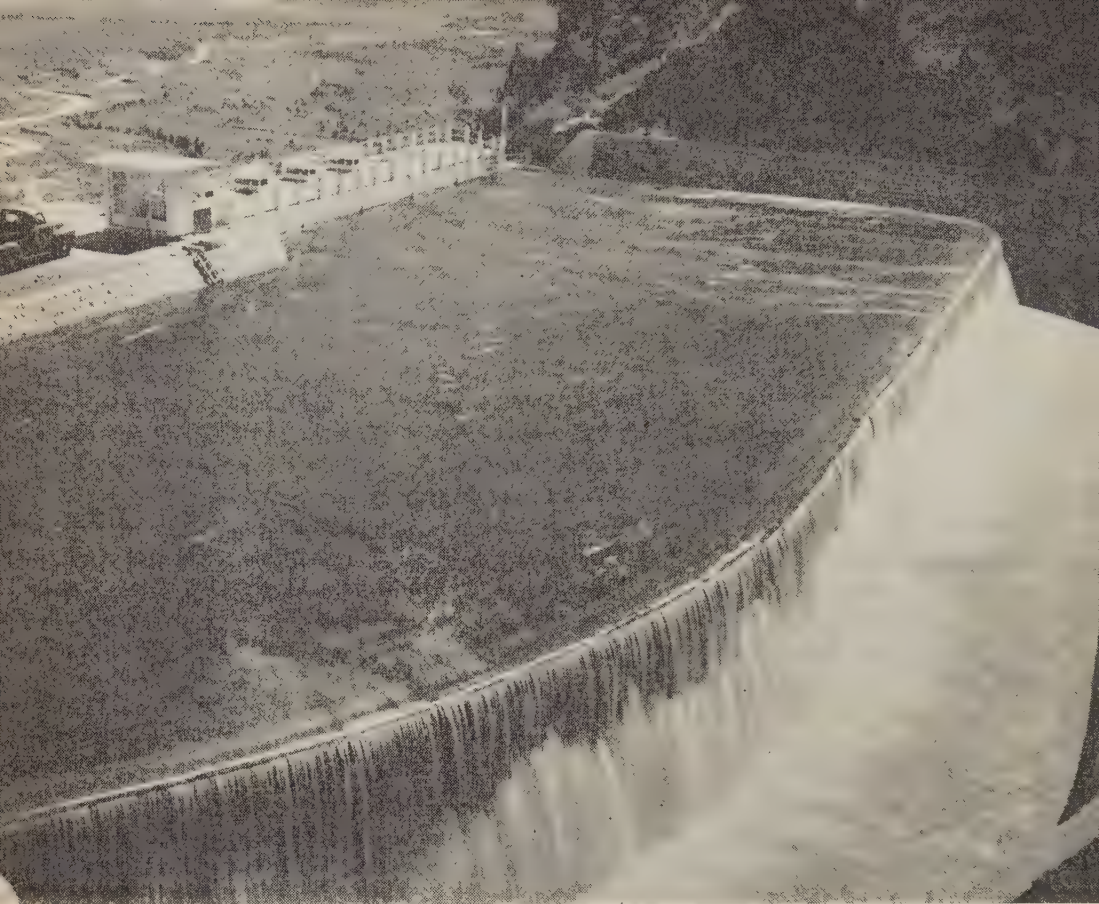
SANTIAGO—The appreciable increase in the level of Chilean industrial production during the past few years has been more than offset by a drastic agricultural decline. All the classical impulses towards inflation are present and have found fertile ground in Chile. External and internal forces have depreciated the purchasing power of the peso greatly. Budget deficits, the diversion of labour from agriculture to industry, and the high costs of domestic production have each made their contribution. Government spending has contributed to an unprecedented increase in the volume of money in circulation.

Dollar Deficit and Controls

The Chilean Foreign Exchange Budget for 1952 balanced at US\$447·6 million, an increase of more than US\$100 million over last year. Since the Budget was published, there have been several reverses and probably Chile will have a 1952 deficit on total balance of payments of US\$85 million in all currencies.

Shortage of hard currency and import controls have forced Chile to continue the 16 effective multiple exchange rates. Preferential rates for government purchases and highly essential materials have been maintained only at the expense of income from exports. (The preferential exchange is earned largely by the export of farm products.) The trend from early 1951 was towards a freer system of exchange and import. However, because the 1952 Foreign Exchange Budget proved too optimistic, the A.1 or Free Import List was suspended in April to enable the Government to appraise the dollar potential again and re-assess the essentiality of various commodities. The further depreciation of the peso since April indicates that licences will again be required for all imports from hard currency countries. Generally speaking, the now familiar rule of dollar-short countries applies—permission to import from dollar areas highly essential materials only, and only if similar or substitute articles cannot be procured from soft currency countries.

Chile's barter exchange provides more ready funds for a wide variety of less essential and even luxury articles. Because of high profits, the demand for these articles is greater than the desire of Chilean producers to export. In the case of gold dollars, officially listed at Ch.\$135 per dollar, importers must pay upwards of Ch.\$180 per dollar. On the



Hydro-electric installations like this have made possible growing industrial production in Chile, though power rationing is still in force. Chilean industry employs about 18 per cent of the working population and wages have risen.

other hand, Chile's compensation and barter agreements with a number of European countries have failed to satisfy many of her capital and consumer requirements.

Government Spending

The 1952 Budget balanced at *Ch.\$29,000 million, compared with Ch.\$23,000 million in 1951. There was a deficit at the end of last year of almost \$1,351 million. Early in the year, the Government was studying ways and means of regulating inflation through economies in public spending and sought the co-operation of business men to regulate prices as well as salaries. However, little was heard of the anti-inflationary program during the pre-election months.

More external capital is needed for both agricultural and industrial expansion although at present the service of foreign loans takes up more than US\$54 million or its equivalent. The annual report of the Central Bank refers particularly to the progress of decapitalization in private industry brought about by the inflation. This factor, and the fear of government expropriation, has deterred the inflow of private capital from abroad, so essential for new industries and for the expansion of existing ones.

* Chilean peso=approximately 3.1 cents Canadian at the official rate of exchange.

External trade showed an appreciable expansion in 1951. Exports increased from 1,374.7 million gold pesos* to 1,802.6 million compared with 1950. Imports jumped from 1,200.4 million to 1,593.4 million. However, agricultural products exported decreased by Ch.\$4 million to \$72.9 million over the same period. Imports remained more or less constant at US\$167 million, emphasizing once again Chile's lack of agricultural production. The United States continues to be Chile's principal customer and source of supply, with the United Kingdom in second place with approximately one-quarter of the American total. Chile's trade within South America has increased during the past year and Germany, whose trade here since the war has been negligible, now is in fourth place.

Canada's Trade Seis Record

According to Canadian statistics for the year 1951, exports to Chile totalled Can.\$13.7 million compared with Can.\$6.9 million for the previous year. This total included 60 thousand tons of wheat. During 1951 Canada continued to export to Chile newsprint, wood pulp, agricultural machinery, asbestos, mining machinery, iron and steel bars, ferro alloys, soda and sodium compounds, and batteries. In addition, a number of new products were sold, including cotton fabrics, automotive equipment, automotive tires and washing machines. The principal exports from Chile to Canada in the year 1951 were ores, wine, sheepskins, onions, fresh fruits, beans and iodine.

Canada should continue to find a moderate but valuable market in Chile for manufactured products and basic materials, depending largely on Chile's dollar earnings from her foreign trade. While terms of payment must eventually become more flexible, at the present time exporters should be cautious. They should make certain that licences are available and irrevocable letters of credit established before going ahead with orders.

Production

The table below shows that industrial production during the past five years has not offset the decline in agricultural products.

General Index of Production

(1936/38=100)

Item	1946	1947	1948	1949	1950
Agriculture	108.2	109.6	115.9	113.0	100.7
Mining	104.6	119.2	124.0	109.0	107.4
Industry	150.3	155.6	163.0	170.1	169.7
Building	228.3	177.3	161.5	158.4	159.5
Fish and shellfish.....	168.2	175.8	188.7	224.1	255.1
General index	119.2	136.7	142.5	141.5	138.2

The Chilean Development Corporation's 1952 Budget balanced at Ch.\$2,680 million. Its chief source of revenue was a grant from the State of Ch.\$1,673 million. Although there is a continued emphasis on agriculture, the principal beneficiaries of the Development Corporation this year are hydro-electric and oil enterprises.

* Chilean gold peso=20.56 cents U.S. This unit is used exclusively for statistical purposes and customs tariff rates.

The Chilean mining industry showed an increase both in production and employment in 1951. Comparative production figures are:

	1950	1951
Copper	363,757 tons	379,725 tons
Nitrate	1,614,146 tons	1,684,146 tons
Iodine	542,893 kilos	1,298,482 kilos
Iron	2,953,233 tons	3,174,338 tons
Coal	2,180,923 tons	2,211,295 tons
Gold	5,770,423 grammes	5,402,449 grammes
Silver	23,094,104 grammes	30,590,019 grammes

Copper, which accounts for 50 per cent of Chile's foreign exchange, is in an improved position in spite of serious labour stoppages earlier in the year. New legislation has given the Chilean Government control of the sale of all copper produced. Acting as an agent of the Government, the Central Bank has sold more than 70 thousand tons of copper since the operations were assumed by the Bank in May. Sales, mostly to the United States, have been at 35½ cents a pound, considered a firm price.

Nitrate sales have increased and the year 1951 saw the first production by the solar evaporation process. Sulphur production is assuming new importance and many marginal mines are being worked because of the attractive world price.

The National Petroleum Company, dependent on the Development Corporation, continues its explorations. This is being paid for largely by sales of crude petroleum to Uruguay. Long-term prospects of the industry include a refinery near Valparaiso and the eventual self-sufficiency of the centre and south of Chile in petroleum products. Radioactive ores have been discovered in the north of Chile.

Fishing and forestry both show substantial increases but their potential, as seen by FAO experts, is 50 per cent above present levels. There is continued interest in the extension of the pulp and paper industry.

Agricultural Production Weak

Reduced exports of agricultural products, on the one hand, and increased imports of foodstuffs on the other indicate the difficulties of Chile's agriculture. Little capital has been invested in the land. The irrigated surface has increased by only 30 per cent since 1900, though the population has more than doubled.

Chile is being helped by various agencies of the United Nations. The Chilean Development Corporation is also making a serious effort to assist by providing seeds, fertilizers and mechanized equipment, and by extending irrigation.

Secondary Industries

The limitation of imports, and the protection offered by an excessive customs tariff, has aided the continued expansion of Chilean industry, which now employs about 18 per cent of the working population. The quality of manufactured articles has been causing concern and the Government has requested assistance from a technical committee in establishing a system of standards.

The success of a new steel plant in which the Development Corporation has acquired a controlling interest is a significant development. Although hydro-electric production has continued to increase, the country has rather severe power rationing.

The cost of living rose at an accelerated rate of 25 per cent during 1951. The comparison of annual increases in the "Chilean Minimum Wages" provides a striking example of the extent of inflation. In 1938, according to the formula used for determining the minimum wage, an employee could eat, dress, pay rent, purchase newspapers and medicines and go to the movies twice a week, on a wage of Ch.\$400 per month. Today he requires Ch.\$6,000 to carry out the same program.

Although, at the moment, the Chilean economy is out of balance, the wealth of her natural resources and the industry of her people assure future prosperity. Her economy, however, will not be stable until the workers attain greater purchasing power and a better living standard.

—M. R. M. DALE

Commercial Secretary for Canada

Colombia Makes Steady Progress

Exports show a substantial rise; crops are being diversified; international loans are speeding up industrial progress.

BOGOTA—Conditions in Colombia have shown a steady but unspectacular improvement in the past twelve months, principally because of good coffee crops selling at high prices on the New York market. Agricultural and industrial production increased and new factories, electrical and irrigation projects were inaugurated.

Exports from this country of some 12 million people earned over \$1½ million a day for the year ended June 30th last, to a total of \$473 million, as compared with \$359 million for the corresponding period in 1950-51. Imports stood at an estimated \$399 million, an increase of \$89 million over the 1950-51 period. The balance of payments picture thus improved by \$25 million. Reserves of gold and foreign exchange at June 30th were officially announced at \$92·4 million, up to \$10·4 million.

The United States continued to be Colombia's best customer and principal supplier. From the beginning of 1951, however, Europe, particularly Western Germany, has played an increasingly important trade role. This trend has been buttressed by a series of compensation trade agreements. These agreements, amounting to \$70 million, have been signed in the past 18 months with a number of Western European countries including Britain, Western Germany and Italy. They assure a wider market for coffee, bananas, rice and sugar in exchange for automobiles, machinery, tools and industrial equipment.

A major overhaul in the country's exchange and tariff system in March 1951 brought about the abolition of cumbersome exchange certificates, the pegging of the national currency at the realistic rate of 2·50 pesos to the U.S. dollar, and higher import duties on many commodities.

This had such a salutary effect that important reductions in the list of prohibited "luxury" goods were announced in February and in August. If the foreign exchange position continues to improve, the Government is hopeful of lifting all prohibitions. Though foreign exchange is still controlled, applications are being approved without delay.

Domestic Progress Hindered

The greatest hindrance to orderly economic progress continues to be the sharp cleavage between the two main political parties. Instead of diminishing, this clash appears more acute than ever; disorders in some districts have reached the point where business as usual is almost impossible. Yet despite this, there have been many indications of internal progress in recent months. The cost-of-living index—which rose from 183.5 in June 1946 (July 1940=100) to a high of 379.0 in May 1951—seems to be levelling out on a slightly lower plane, with May 1952 being recorded at 373.4. Contributing factors are the plentiful supply of goods, the abolition of price controls in November 1951, and the easing of lending restrictions of commercial banks. Currency in circulation increased from 423.9 million pesos in June 1951 to 497.5 million in June 1952. The 1952 budget of 632 million pesos is the largest in the country's history.

New Production Emphasis

Investments in industry are moving upward and foreign capital registered in Colombia at the end of February 1952 amounted to \$457 million, of which \$257 million was held by petroleum companies. A substantial number of new industries were launched in the past 12 months, including Laboratorios Frosst de Colombia, a subsidiary of the well-known pharmaceutical company in Montreal. A soda ash plant financed by the Colombian Government, large enough to supply domestic needs, was opened near Bogotá at the end of 1951 and a plate glass factory is almost completed.

Also on the list of newly-opened industries are a bicycle plant in Cali (the first in Colombia) and a vegetable fat factory in Barranquilla, capitalized at \$1 million. In Barranquilla, too, the Sears Roebuck organization hopes to open its first department store in Colombia in the early part of 1953. Scheduled for completion in the next two or three years are a 100 thousand tons a year steel mill at Paz del Rio, a starch factory in the Cauca Valley, and a synthetic ammonia plant at Barrancabermeja. Both the cement and textile industries have reached the point where they have surpluses available for export.

Colombia's economic destiny is still centered in coffee; of total exports in 1951 of \$421 million, coffee accounted for \$340 million. The country fully appreciates the drawbacks of a one-crop economy. It is therefore not surprising that, with the assistance of the Department of Agriculture, intensive efforts are being made to build up production of other crops, particularly rice, sugar and cotton. Many areas are so well suited to these products that both rice and sugar are now in surplus and determined steps are being taken to find foreign markets for them. That is why a few weeks ago the government decreed that certain prohibited items, including medium-priced automobiles, canned fish and meats, would henceforth be allowed in if they were purchased with foreign exchange

earned from the sale of rice, sugar, tobacco and hides, or the two industrial products, cement and cotton textiles. How well this succeeds remains to be seen. While cotton production is expanding (from 2,800 tons in 1940 to 6,700 tons in 1950) it is still only sufficient to supply a third of the 25 thousand tons required by the well-developed textile industry.

Wheat production still falls far below requirements and substantial quantities must be purchased abroad. Permits to import 30 thousand tons were authorized in 1951 and 1952 imports may be almost as high. The millers are once again free to import their own requirements but must pay a surcharge of approximately \$60 a ton. This will be used by the Government to build silos and improve domestic seed.

Next to coffee, petroleum is Colombia's most important export. Latest statistics show there are now five companies operating in 11 fields in the country, with 15 drilling rigs and employing 7,494 workers. In 1951 production amounted to nearly 39 million barrels of which 32½ million, valued at \$69.4 million, were sold abroad, mostly to the United States. Reserves at the end of 1951 were estimated at from 500 to 600 million barrels.

Petroleum was first exported from Colombia in 1921 and from the beginning has been developed by foreign companies such as The Texas Company, International Petroleum and Shell, operating on concessions from the Colombian Government. Now, for the first time, a wholly owned Colombian company is participating in the petroleum industry—and in a big way.



—Standard Oil Co. (N.J.)

Making panela in a Colombian raw sugar factory, known as a trapiche. Colombia's efforts to build up her sugar crop have succeeded and foreign markets are being sought for the surplus production.

In August 1951, when the 30-year concession of The Tropical Oil Company (a subsidiary of International Petroleum) in the huge "De Mares" field expired, it reverted to the Government of Colombia, complete with installations and equipment according to the terms of the original agreement. This was an enlightened and popular move which has served to maintain goodwill towards foreign operators. The "Empresa Colombiana de Petroleos", as the new company is called, is now successfully operating the De Mares Concession with Colombian personnel and, with loans from International, is modernizing and increasing the capacity of its refinery.

Another event of interest was the recent opening of the pipeline from Puerto Salgar to Bogotá, a distance of 85 miles. This permits gasoline to be pumped into the capital at the rate of 365,700 gallons a day; has meant a fall in price of gasoline of $1\frac{1}{2}$ cents a gallon.

Foreign Loans Help

The report of an economic mission sponsored jointly by the International Bank of Reconstruction and Development and the Government of Colombia, which spent many months in Colombia making studies, was published in September 1950. It stressed the great natural wealth of the country in coal, petroleum and hydro-electric potential, basic to future industrial development. It also stressed that, if this development was to be realized, good roads had to be constructed between the principal centres of population. Since then, the International Bank has made loans amounting to \$55 million, of which \$16.5 million is for road construction, \$5 million for agriculture, \$8.5 million for electrification and the most recent, \$25 million in August 1952, for the Magdalena Valley Railway to expedite freight shipments between the Caribbean and the interior. The Export-Import Bank has also made three loans in recent months: \$2.6 million for electrification, \$2.2 million for the construction of silos, and \$1.5 million for diesel locomotives. Valuable assistance is also being received in the form of Point Four aid from the U.S. and includes agricultural surveys, insect control, soil study, afforestation and development of rubber and coal resources.

Colombia is also doing much to help itself. At the time of the International Bank Mission, the Colombian Government also set up its own Committee for Economic Development which has since evolved an elaborate "Five Year Plan" to improve the economy of the country, to begin January 1, 1953. A permanent Office of Economic Planning, consisting of three prominent businessmen to advise the president on carrying out the plan, has now been established. Nor are all large irrigation and electrification projects dependent on foreign loans. Two large dams recently completed—the Neusa and the Sisga, for irrigating the Bogotá plain and furnishing electricity to the capital—were financed from domestic funds.

Communications Improved

Colombia boasts of having the first commercial airline (SCADTA, established in 1919) in America and because the three ranges of the Andes which cover a large part of its surface make highway and railway building difficult, air travel has for years been the most common mode of communication between the principal cities of the Republic. Three

main companies carry the bulk of the traffic and one of them, AVIANCA, offers daily direct flights to New York by Constellation. To keep Colombian airfields and techniques up to date, the International Bank for Reconstruction and Development is providing technical assistance in the organization of a Colombian National Airport Association.

In 1951 the Colombian Highway Association was formed as an affiliate of the International Road Federation to foster the building and upkeep of highways and to work for the completion of this section of the Pan-American Highway. With a loan of \$16.5 million from the International Bank, the key highways are now being improved.

Good highways are considered more essential to economic progress than railways, but nevertheless a loan of \$1½ million was received in 1951 from the Export-Import Bank to buy five new diesel engines from the U.S. The more recent \$25 million loan from the International Bank will provide the funds for the much-needed Magdalena Valley Railway.

The Flota Mercante Grancolombiana merchant steamship line, with headquarters in Bogotá, has enjoyed a signal success since its inauguration in 1947. The company now has, in addition to 13 ships of its own, 13 on charter and four more on order in Montreal. It provides direct scheduled service between the main ports of Ecuador, Colombia and Venezuela, and Montreal, New York, the American gulf ports, and Europe. It has proved, in fact, a great asset to the development of trade in this area.

—WILEY J. MILLYARD
Canadian Government Trade Commissioner

ECUADOR

BOGOTA—Economic conditions in Ecuador have improved considerably over last year. The first five months of 1952 show the favourable balance of trade stood at US\$2.7 million as compared with an adverse balance of US\$7.6 million during 1951. This has meant a marked increase in the Central Bank's holdings of foreign exchange, which on July 10th totalled 481,141 thousand sucres.*

The major crops this season seem to promise well, and the forecast is that the favourable trend in foreign trade should continue to the end of the year. Commercial activity is increasing with the improvement in payments in place of the rather sluggish business conditions at the year's end. The excessive inventories which local merchants built up are now falling to reasonable proportions.

Crops such as cocoa and coffee form the basis of Ecuador's wealth and provide some 60 per cent of its exports. The range of climate means that the country can produce a diversity of crops including rice, bananas, coffee, wheat and potatoes. Apart from flour milling, and spinning and weaving utilizing locally produced low-grade cotton, there is little industry except local breweries, sawmills, foundries and machine shops. Ecuador depends largely on imports to meet its requirements of manufactured goods. It is trying to broaden its economic base by exploiting resources other than agricultural land.

* Sucre=approx. 6.4 cents Canadian at the official rate.

Production of cocoa beans during the calendar year 1951 was 20,700 tons, down 10 per cent from the previous year. Exports were estimated at 19,872 tons. Although the export market is fairly active and stocks in the hands of Guayaquil exporters are negligible, prices have gone down considerably.

The 1951 coffee crop was hard hit by heavy rains. Estimates at the year's end placed the crop at a low of 275 thousand bags of 60 kilograms each (1 kilo=2.205 lb.) one-third lower than in 1950. Only 240 thousand bags were available for export compared with 335 thousand bags in 1950. Coffee production this year is estimated at 500 thousand quintals (a quintal=approximately 101 lb.) with prices favourable.

Banana exports have increased remarkably during the first five months of 1952—to 6.7 million stems, compared with 3.2 million during the same period last year. In 1950 bananas constituted 15 per cent of total exports compared with 4 per cent before World War II.

Transportation

To assist internal production and develop international trade, plans are going forward to modernize transport facilities and improve ports. A contract has been signed with a French company to complete the Quito-San Lorenzo railway and improve the port of San Lorenzo at a total cost of US\$10 million. The leading port, Guayaquil, may also get new installations paid for by a loan of US\$8 million from the International Bank of Reconstruction and Development.

Trade

During the first five months of 1952, Ecuador's exports amounted to US\$23.7 million and imports to US\$21 million. Ecuador is thus in a better position to pay for her needed imports. Imports are still controlled, however, to encourage the entry of essential rather than luxury goods. According to the latest information available, the official selling rate of sucres per U.S. dollar is 15.15. On this official rate, imports are permitted entry on the following basis:

List A—15.15 for "essential" goods.

List B—15.15 plus tax surcharge of 33 per cent for "semi-essential" goods.

List C—17.35 plus tax surcharge of 44 per cent for "luxury" goods.

(Free rate of sucre to the U.S.\$1 as of July 15th=17.30/17.55)
Canadian trade with Ecuador in the first five months of the year, ending May, in 1,000's of Canadian dollars:

	1938	1951	1952
Canadian imports	11	840	807
Canadian exports	19	1,155	854

—JOHN E. LANCASTER

Assistant Canadian Government Trade Commissioner

Cuba's Exports Reach Record

The huge 1951 sugar crop, sold at record prices, has brought Cuba prosperity, but certain economic re-adjustments must be made in the coming months.

HAVANA—Cuba's post-war prosperity appears to have reached its zenith during the past twelve months. The record-breaking sugar crop of 7,011,498 long tons (previous high was 5,876,671 tons in 1948) brought problems in its train. Moreover, the change of government on March 10th by a coup d'état left conditions unsettled.

All signs point to a period of levelling-off and economic adjustment. However, government revenues remain at satisfactory levels, although expenses have increased substantially, because of raises given to the armed forces, the police and other civil servants. Banks are adopting a cautious policy towards credit. Retail sales have slumped. Inventories are not too unwieldy, but accounts receivable are substantial in many cases. Volume of private construction has fallen and public works are being carried on at a slower tempo.

Foreign Trade

With sugar prices in 1951 at their highest in many years, Cuban exports hit a record of \$766 million, compared with \$642 million in 1950. This trend has continued into 1952 with exports for the first three months at \$172 million, compared with \$163 million for the same period in 1951. Imports for the first two months were practically the same as in 1951, roughly \$105 million.

Sugar continued to hold first place among exports, accounting for 89 per cent of the total value. Tobacco, in second place, accounted for about 5 per cent.

The principal imports were foodstuffs and beverages, machinery, automobiles, trucks, drugs and chemical products, minerals, glass and ceramics, metals and metal manufactures.

Trade with Canada

Canada's trade with Cuba for the first six months of the year showed a satisfactory increase. Exports of wheat to the new Cuban flour mill, which recently started operations, accounted for a large part of this. Exports to Cuba for the six months, according to DBS, amounted to \$13.6 million, as compared with \$9.3 million in 1951. Principal items were wheat flour, wheat, newsprint, dried salt codfish, brewers' malt, copper wire, machinery and parts, and seed potatoes.

As a result of the agreement whereby Canada has undertaken to buy 75 thousand short tons of sugar each year, Cuban exports to Canada showed an appreciable gain. Total for the first five months this year was \$7.8 million, as compared with \$2.3 million for the same period last year.

Agriculture

Satisfactory weather conditions, larger cane plantings and a longer grinding season led to the production of Cuba's all-time record sugar crop. A desire to maintain the price in the world market at about the present level led the Cuban Government to announce that 1,750,000 tons of sugar will be carried over this year and the coming crop restricted to five million long tons. This surplus is to be disposed of over a period of five years in equal parts of 350 thousand tons. It is being financed by private banking channels on the basis of 3.08 cents a pound or \$10 a bag, as laid down by government decree. The maximum rate of interest that can be charged for this financing is 4 per cent a year. In the meantime, Cuba is agitating for an International Sugar Agreement.

Weather conditions have been normal and there is little doubt that Cuba could produce much more than the five million long tons.

Tobacco

Weather conditions for the tobacco crop being harvested are favourable and it is reported to be of good quality. Sales appear to be taking place at prices slightly below last year's. Production from the Vuelta Arriba districts is estimated at 271 thousand bales compared with 142,287 bales in 1951. No estimate is available from the Vuelta Abajo district. By government decree, tobacco plantings for the 1952-53 crop are restricted to 650 thousand quintals net of sun-grown tobacco. Shade-grown production is estimated at 80 thousand quintals and is not restricted. Tobacco purchased by the Tobacco Stabilization Fund of 1951 and prior crops are being destroyed because of poor quality, except for approximately 100 thousand quintals, worth between three and four million dollars, for which a buyer has apparently been found.

Cattle

Poor pasturage conditions in March, April and May led to a shortage of cattle for sale and holders were not willing to sell at the official price. The Government tried unsuccessfully to solve the problem by subsidy and finally raised the price from 12 cents to 13½ cents a pound on the hoof f.o.b. Camagüey. At the same time, killing and selling on Fridays was forbidden, and this restriction is still in force. During the shortage, meat was brought in duty free. Meat is now plentiful but a severe shortage next year is feared. Supplies of milk and cream have also improved and factories producing condensed milk, butter and cheese are operating at capacity.

The coffee crop now being harvested is estimated at 650 thousand quintals, some 10 thousand quintals less than anticipated consumption during the next twelve months. As the carry-over from the last crop amounted to about 413 thousand quintals, supplies are more than ample.

Coffee prices have been steady at about \$48 to \$49.50 per quintal according to quality, but demand from the roasters has been somewhat slow. This should improve from now on.

Supplies of oranges and plaintains are plentiful, with prospects good for the next crop. Black beans are in poor supply; stocks of corn are dwindling. Small spring plantings of corn and beans are reported doing well. Prospects for the rice crop appear good, but the slowly increasing production is far from meeting consumption.

Industrial and Other Developments

The new Cuban flour mill, scheduled to start production in mid-January, actually began operations early in April. A new detergents plant, a subsidiary of a U.S. company, recently commenced manufacture. Now, a well-known U.S. garment manufacturer has announced that his company will manufacture its products in Cuba for the Island market. The largest Cuban brewery, already operating two plants located at each end of the Island, is completing construction of a third brewery in the middle of the country. The development program carried on by a government loan raised by the previous administration is drawing to a close as funds are becoming exhausted. Much useful work has been accomplished including roads, bridges, waterworks, cold storage facilities, tourist development, etc., all of which will prove valuable in developing the economy of the Island.

Private building has fallen substantially in the first six months of 1952 and is about 16 per cent lower than in the first half of 1951. Uncertainty about the Government's intention on rents accentuated the problem. Public works are being carried on at a fast tempo in Havana but in the rest of the country little progress is being made and many projects are completely paralyzed.

Public Finances and Banking

Total government revenues for the fiscal year ended June 30, 1952, reached the record figure of \$347 million, compared with \$322 million for the previous fiscal year. This trend has levelled off. Revenues for the fiscal year 1952-53 are estimated at \$336 million and the expenses at the same figure. Bank clearings for the first six months of 1952 were a record breaking \$2.4 billion compared with \$2 billion for the same period the previous year. Money in circulation increased to \$858 million at the end of March 1952, compared with \$709 million for the same month in 1951. Bank loans at the end of May reached a record \$365 million, compared with \$307 million the year before.

Although Cuba is faced with readjustments, the country should remain relatively prosperous. There are many uncertain factors in the situation but no cause for immediate alarm. When it is remembered that before the war Cuba's average sugar crop was under three million tons, the restriction of the forthcoming crop to five million tons should not have too great an economic impact. However, the lack of development of secondary industries may accentuate the difficulties to be faced in this period of readjustment.

—A. W. EVANS

Commercial Secretary for Canada

DOMINICAN REPUBLIC

HAVANA—A record sugar crop, combined with good prices for other exports, kept business activities brisk in the past twelve months and produced a record favourable balance of trade. Sugar prices fell considerably from last year, but the drop was offset to some extent by the volume of production. This was estimated at 660 thousand short tons, some 12 per cent greater than last year's bumper crop. Inventories were still unwieldy. Bank collections were slow, but they showed definite signs of improvement towards the end of this period.

Prosperous conditions helped to keep government revenues well ahead of expenditures and the public debt decreased. Bank deposits and bank loans, inflated through financing heavy inventories, were at an all-time high. The tourist business prospered; retailers suffered from the usual summer slump.

Private construction decreased, though the volume of public works showed no sign of diminishing. The main project at present is the rebuilding of the highway between the capital, Ciudad Trujillo, and the other principal city, Santiago de los Caballeros. This project, to cost \$7,500,000, will take three years to complete. Work is progressing on other roads, waterworks, bridges and government buildings.

Foreign Trade

The record favourable balance of trade achieved in 1951 continued through the first four months of 1952. Exports for the four months, at \$42.7 million, were some 10 per cent over last year's figure of \$38.9 million. Imports for the same period were \$19.5 million compared with \$17.3 million. The increase in exports stemmed from larger sales of coffee, sugar and cocoa, which offset a decrease in the other commodities. The United Kingdom and the United States were the Republic's main markets. Exports to Great Britain consisted chiefly of raw sugar and molasses; purchases by the United States covered a wide range of commodities. There were no changes in the pattern of trade and the principal imports continued to be machinery, foodstuffs, iron and steel products and cotton textiles.

Canada's Share

Canada's share of the trade increased substantially; Canadian exports for the first six months of 1952 totalled \$2.6 million compared with only \$1.8 million in the same period last year. Leading items in Canada's trade continued to be food products, aluminum and other metals, agricultural and other machinery, manufactures of iron and steel. Similarly, Canadian imports from the Dominican Republic for the five months ending May 31 rose to \$1.7 million as compared with only \$625 thousand in the corresponding period of 1951.

Expanded sugar plantings with the opening of new mills resulted in an estimated production of 660 thousand short tons, an all-time high—12 per cent over last year's crop which, in turn, was 11 per cent more

than the average output for the preceding five years. As usual, the British Ministry of Food contracted to buy the 1952 production after deducting local requirements of 64 thousand tons, the United States quota of 21,500 tons, and the Canadian quota of 64,500 tons. The contract price was US\$5.10 f.o.b. per hundredweight for the first 100 thousand tons, with the remainder to be priced on the basis of the monthly average of the daily spot quotations on the New York coffee and sugar exchange. The average price so far of about \$4.50 per hundredweight has been well below last year's average of \$5.75. However, this still allows a satisfactory profit.

Other Export Crops

The last coffee crop produced about 300 thousand bags of 75 kilos each. Demand has been good, though the quality of the crop made marketing difficult and prices ran slightly lower than the previous year. Some unsold stocks are still in the hands of the dealers, and although Puerto Rico has often taken much of the poorer grades in toasted form, it may not be in the market this year. Prospects for the new crop are excellent. The cocoa crop is good and prices higher than last year; the tobacco harvest equal to that of 1951 and of better quality. Marketing the tobacco presents a problem because of the carry-over from last year and the shortage of dollars in the principal European markets. However, a gradual movement is now under way indicating that this situation has eased. The cultivation of tobacco in the Dominican Republic is receiving technical assistance from the Point 4 program; this should mean better grades and higher yields in the future.

Business prospects for the next twelve months are good, but depend on the price of sugar. If sugar prices hold, the Republic is assured of another prosperous year.

—A. W. EVANS

Commercial Secretary for Canada

Trade Outlook

A recent survey on trade between Canada and Latin America, put out by the Chase National Bank, ends with a comment on future trade prospects. Says the writer:

"The amazing growth of the Canadian economy points to a continuous rise in the two-way flow of trade between Latin America and Canada. As Canada's population and living standards grow, she will need an increasing flow of petroleum, coffee, bananas and other Latin American products. Canada will be able to supply increasing quantities of wheat, newsprint and industrial equipment.

"However, the path toward expanding Canadian-Latin American trade does not promise to be smooth and even. Latin American wheat imports may drop next year. Western Germany and Japan are offering intense competition in machinery markets. And the current premium of the Canadian dollar boosts Canadian export prices."

Haiti Depends on Coffee

. . . and high prices for this product have given her a prosperous year. Canadian exports to this country doubled in the first six months of 1952.

HAVANA—High prices for coffee—backbone of the economy—have kept Haiti relatively prosperous during the past twelve months. Weather conditions so far have been good and crops should be average. Although government revenues have been buoyant, heavy expenditures on the five-year development program meant a small budget deficit for the seven-month period ending April 30, 1952.

Foreign trade was brisk and inventories were large. Retail sales took their customary drop during the summer, but no violent swing was evident. The tourist trade continued to be a steady income producer. Under the "new industries" law several small industries were set up which, with the development program, helped to reduce unemployment. Labour troubles were negligible and the dock-workers' union succeeded in obtaining higher wage rates. The cost of living continued its steady advance.

Trade with Canada

The record totals for imports and exports during the period October to April 30, 1952, totalled gdes.*154 million and gdes.189 million respectively. These compare with gdes. 131 million and gdes. 160 million for the period ending April 30, 1951. The chief export by a large margin was coffee, followed by sisal and sugar. Banana exports fell to a relatively minor place. Haiti's chief customer was the United States which took about 60 per cent of exports. Belgium with 23 per cent was the only other major buyer. Main imports were foodstuffs, textiles and machinery; the United States was the chief supplier with approximately 70 per cent. Canada was in second place with nearly 7 per cent.

Canada's exports to Haiti in the first six months of this year almost doubled—according to DBS figures—to Can.\$2 million against only Can.\$1 million in the same period last year. Canadian imports from Haiti fell from Can.\$1.3 million in the first five months of 1951 to Can.\$1.1 million in the same period of 1952. Principal exports to Haiti were wheat, flour, fish (bloaters, alewives, codfish), blank books, and trucks. The chief imports into Canada from Haiti were sisal, coffee and bananas.

The most important contribution to Haiti's agricultural progress during the period was an increase in the U.S. loan (from US\$4 to US\$14 million) to help finance the Artibonite Valley Project, a combined irrigation and power development on the country's longest river. When completed, this project will make possible a gradual expansion in agricultural

* Five gourdes equal US\$1.00.

production. Also important was the establishment of an organization with an authorized capital of gdes.10 million which will make loans to small landholders for machinery and improvements to their holdings.

Haitian farmers have found the past twelve months good ones. The yield of all the crop except bananas and cotton was normal. Bananas have been hit by the Panama disease, and cotton is suffering from boll weevil infestation. However, favourable prices for other agricultural exports have more than offset the decline in these two crops.

Coffee, Sisal and Sugar

Production of coffee, Haiti's number one crop, will be satisfactory again this year. The sisal crop has expanded steadily as a result of favourable prices. Production did fall from 75 million pounds of fibre in 1950 to about 58 million pounds in 1951, but it is expected that 1952 will see a substantial increase. Sugar production is about the same as last year. However, two new sugar mills should be ready to grind by the end of 1952 and they will add substantially to Haiti's small production, now about 65 thousand short tons.

Cacao, Bananas and Oils

Cacao exports at well over 1½ million kilos are proving very remunerative at today's prices. The decline in banana production continued until this product barely ranked sixth among exports by value, compared with second place a few years ago. A combination of prices,



—Office National du Tourisme

One of the main crops in Haiti is the American aloe, from which comes sisal fibre, a major export. This native girl is hanging the sisal out to dry.

disease, and the lack of a settled government policy on concessions have caused the decline. Production of essential oils has increased steadily, and the opening of a new distillation plant for processing oil of lemongrass will assure its growth. Cotton output has dwindled to the point where cottonseed for crushing has to be imported to provide sufficient supplies of edible oil. Practically the whole of the Haitian cotton crop is used in the textile factory opened two years ago.

Haiti has received considerable technical assistance from the United States in her efforts to improve agricultural methods and increase production. While this work is necessarily slow, its effect should be seen in gradually increasing yields.

Industrial Development

The Government has had some success with the "new industries" law which grants exemptions from duties on machinery and raw materials for five years. Since the law was passed, some 21 industrial plants have been authorized and others are being studied. Among the former are a plant to make work clothes, a nail factory, a vegetable and alkaloidal oil plant, and a sugar mill which represents an investment of several hundred thousand dollars.

Transportation Inadequate

The greatest drawback to Haiti's economic development is inadequate transportation. However, the Government has announced a five-year project to pave 500 kilometers of road at a cost of gdes.40 million. Although construction of approximately 100 kilometers a year was scheduled, only 36 kilometers had been completed at the end of 1951. At that time it was estimated that Haiti had only 120 kilometers of paved all-weather highways. In spite of this, automobile registrations increased during the year by 60 per cent. Some 1,200 vehicles were imported and registered during the year; 700 were new passenger cars and the remainder were trucks. Car and truck imports in 1950 totalled 754.

The budget for the 1951-52 fiscal year of gdes.124.5 million sets a new record. This is in addition to a capital budget of gdes.200 million to finance the Government's five-year development plan which includes new roads, urbanization projects, agricultural, health and education improvements. Government expenditures for the period October to April 30, 1952, were gdes.88 million compared with gdes.65 million in the previous comparative period. Revenues at gdes.89 million were running well ahead of last year.

No Exchange Controls

The value of the Haitian gourde is fixed by law at five to one U.S. dollar and is freely convertible. There are no exchange controls at present and none are expected because of Haiti's favourable trade balance.

The excellent outlook for coffee prices and the Government's development policy should make 1952 a year of prosperity and expansion for Haiti.

—A. W. EVANS
Commercial Secretary for Canada

PUERTO RICO

HAVANA—The Puerto Rican economy has remained relatively prosperous during the past twelve months. Practically the only unsettling feature was the announcement that next year's sugar crop will be restricted to 1,100,000 short tons, as compared with the recent crop of 1,359,840 tons.

Other crops, with the exception of coffee, have enjoyed favourable weather conditions. The coffee harvest, however, is expected to drop well below last year's figure. Government revenues are buoyant and bank loans remain high.

A large volume of both public and private construction is being carried out. The aggressive policy of the Government Development Corporation on new projects to broaden the base of the Puerto Rican one-crop economy is having a fair measure of success. Tax exemptions granted new industries have encouraged private business to establish many new ventures, and labour conditions have been fairly settled in the period under review. Minimum wages have now been set up for most industries in the Island, but labour costs in practically all cases remain well below those in continental United States.

New Constitution

Puerto Ricans feel a considerable amount of pride about the passage by the United States Congress of a law approving the new Constitution of Puerto Rico. Under it, the Island will have virtually the same powers as a state but without many of the responsibilities that statehood would involve. Thus Puerto Rico will continue to enjoy the economic benefits that states, as such, do not receive.

The restriction of the forthcoming sugar crop by such a substantial amount has somewhat clouded the bright picture. No serious repercussions are expected but a period of adjustment to the changed conditions seems inevitable. The sugar industry is by far the largest employer of labour and the Island's economy is therefore vulnerable not only to the price of sugar but also to the size of the quota given by the United States to the Puerto Rican producers.

—A. W. EVANS

Commercial Secretary for Canada

MARKET FOR MANUFACTURES

Canadian manufactured goods are finding a growing market in Latin America. In 1951, non-farm machinery ranked as the leading manufactured export to that area; was bought mainly by Brazil, Chile and Mexico. Exports of farm machinery last year went largely to Argentina and Uruguay; Brazil made larger purchases of electrical apparatus.

GUATEMALA

GUATEMALA CITY—The Agrarian Law, enacted in June, may prove a turning-point in the history of Guatemala. It enables the Government to expropriate privately-owned lands which are not being worked now or may not be worked in the future if the present owners cannot hire the required number of farm workers. These lands become the property of the State and will be rented to anyone who wishes to become a farmer on his own account. Owners of the expropriated lands are paid in long-term government loans, redeemable annually at a rate varying with their value.

The Business Reaction

When the law was sent to Congress, there was a run on the banks. During the months of May and June deposits dropped from \$25,285,000 to \$18,787,728 and deposits with the Banco de Guatemala decreased from \$11,338,000 to \$5,796,644. These funds were converted into American exchange, mostly by travellers' cheques, or kept at home. During these months, sales by the banks of U.S. dollars exceeded purchases by \$6,090,000 (\$5,671,600 in May) compared with \$403,700 for May 1951 and against an excess of purchases over sales during January, February, March and April 1952 of respectively \$5,001,000, \$3,263,100, \$3,847,400 and \$87,300. The consolidation balance of all banks dropped from \$70,606,047 to \$63,163,063.

In the trade, large orders for machinery, mostly agricultural, and for other agricultural supplies, were delayed or cancelled; so were contracts for buildings and residences and for building materials. The banks, with a reduced portfolio, were unable to finance certain imports. Collections from good names became difficult, especially in the rural centres where the opinion prevailed that a stock of quetzales was preferable to a stock of goods. Retail sales dropped sharply. During May and June representatives of foreign firms found difficulty in meeting current expenses. General retail business, however, soon picked up slightly.

There is some question whether the Government may lack the necessary financial resources to put the law into effect. The national budget for 1952-53 passed by Congress on the last day of June contained no appropriation for the DAN (Departamento Agrario Nacional), the body appointed to administer the Agrarian Law. A special and extraordinary budget for that new entity, to be added to the annual budget, was promised for July 15 and then postponed to August 31. In the meantime, the DAN is in the organization stage.

Receipts will be limited to the rent paid by the new tenants—three per cent of their crop—the house rent paid by the employees of the large landowners using expropriated accommodations, farms, etc. Disbursements will include the cost of redemption of the bonds given as cash payment for the expropriated lands, the financial assistance which must be given to the new tenants who will need money to maintain their

families and an advance to pay the cost of the first installation, tools, seeds, machinery, etc. No supplier will grant credit for these purposes and it will represent a substantial sum for the Government to pay.

To meet current expenses the Government has had to issue treasury notes to the extent of 10 per cent of future receipts—i.e., \$5 million at 2 per cent. Subject to correction, this is the first time in many years that the Government has had recourse to treasury notes. Data on the external debt of the country have not been published since June 1950 but may be estimated from the figures published by the Bureau of Statistics. According to that institution, receipts and expenditures by calendar years since 1949 have been as follows:

	1949	1950	1951
	(in thousand quetzales)		
Expenses	49,133·3	49,826·7	51,082·8
Receipts	40,429·9	45,298·6	49,297·1
Deficit	8,704·4	4,528·1	1,785·7

Revenues are not expected to increase; on the contrary, imports and the production of beer, cigarettes, alcoholic beverages, the main sources of revenue, are decreasing. It is therefore difficult to see how the Government can balance the budget at \$63 million.

—J. C. DEPOCAS

Canadian Government Trade Commissioner

COSTA RICA

GUATEMALA CITY—Costa Rica's financial situation has improved markedly in the past two years. In fact, it is now so sound that the Government has not felt it necessary to negotiate the loan which was recommended by the International Bank for Reconstruction and Development mission that surveyed the country.

As in the other Central American countries, the two most important Costa Rican products are coffee and bananas, followed by lumber, abaca, pineapple and coconuts, all products of lowlands with a tropical or semi-tropical climate.

Coffee Research Favoured

The Government realizes that the prosperity of the country depends on these agricultural products. It also feels that efforts towards self-sufficiency in certain products (wheat, for example) would be expensive and futile. Its program of agricultural development is therefore aimed at improving the products which are native to Costa Rica. This explains why coffee, which is already the best source of foreign currency, receives the greatest attention. The Government is interested not only in its protection and conservation but also in its improvement. At several points, studies and experiments are being carried on covering rotation, nature of soil, fertilizers, pests, etc. Careful study is also made of methods used in other coffee-producing countries. Bananas receive similar attention from the fruit companies, which co-operate with the Government in their program.

Rice, corn, cotton, soya and cane sugar are also subjects of special government study, with the co-operation of the international bodies appointed to assist under-developed countries in making use of their resources.

Imports during 1951 totalled \$55.7 million, as compared with \$46 million in 1950, an increase of 21 per cent. Exports rose from \$34.7 million in 1950 to \$39.3 million in 1951. These statistics take into account the nominal export value of bananas and not the actual export value. On the latter basis, the value of exports would jump to \$62.3 million in 1951 and \$55.7 million in 1950.

According to DBS figures, Canada bought some \$4.4 million worth of products from Costa Rica during the first six months of 1952, as compared with \$4.0 million during the first six months of 1951. Canada sold Costa Rica about \$1.3 million worth of goods during this same period, mainly wheat flour, newsprint, and aluminum manufactures.

—J. C. DEPOCAS

Canadian Government Trade Commissioner

Mexico's Expansion Slows Down

. . . but the lull appears purely temporary as long-term development projects move forward, labour troubles are few, and the Government encourages foreign investment.

MEXICO, D.F.—Business was generally less active during the first six months of 1952 compared with the high level of 1951. A seasonal slump can usually be expected during the first few months of the year, but a serious adverse trade balance, an extended drought in the northern states, a fall in wholesale and retail sales, and a drop in commercial construction aggravated it. On the other hand, Mexico's industrialization program showed no slackening of pace. Federal public works progressed farther than at any time in the past six years, in an effort to complete construction before President Aleman's term expires on December first.

Federal elections are held in Mexico every six years and on July 6 Mexico elected its new president. The candidate of the Party of Revolutionary Institutions (P.R.I.), Adolfo Ruiz Cortines, was elected over the candidates of the three opposition parties. He will succeed President Miguel Aleman, of the same party, who has held office since 1946.

The newly-elected President and his administration are not expected to make changes in existing government policy. Mexico's industrialization program will be encouraged by granting tax exemption to new industry and tariff protection to local industry. The present heavy public works program will continue or be increased; government aid and assistance to agriculture under private ownership will go on; Mexico's credit and currency will be maintained on a firm basis, with balanced federal budgets. The cordial relationship between Mexico and the nations of the Western world will be maintained.

As in most countries, election year has affected business, both external and internal. Interruptions of international transactions, however, were kept to a minimum and except for a few weeks before and after the elections, foreign capital, particularly U.S., continued to flow into Mexico to form development companies and to purchase raw materials for defence and civilian needs abroad.

The slump in domestic business during the first six months of this year can be only partly blamed on preoccupation with the elections. The high cost of living, a slowdown in exports, a drop in the price of cotton, and crop losses resulting from drought in some areas and torrential rains in others had their effect on wholesale and retail sales. Consumer resistance, a tight money situation, and delayed credit payments have forced many businesses to seek extensive credits to see them through. Imports of consumer goods have declined over the past few months, largely as a result of slow domestic sales and lack of credit, but normal to excellent business conditions are expected to return in early September.

Adverse Trade Balance

Mexico's imports continued to increase and for the first five months of 1952 had a value of 2·8 billion pesos, against exports of 2·2 billion pesos. This meant an adverse balance of 608 million pesos for the five-month period (in excess of \$70 million U.S.).

Predictions that Mexico's import trade reached its peak in 1951 proved unfounded. An analysis of Mexico's principal imports, however, shows the encouraging fact that three-fourths of the total import value is made up of items of an economically productive nature—capital goods, investment goods and industrial raw materials. The remaining fourth is largely foodstuffs and durable consumer goods.

Mexico's exports continue to be mainly unmanufactured and manufactured raw materials, among which vegetable materials play an important part, though minerals and metals are still predominant in quantity. In the latter classification, minerals in their natural state rank below semi-manufactured and manufactured minerals.

Receipts from the tourist trade and remittances from "braceros" (Mexicans working in the U.S.) will partially offset the adverse trade balance. In spite of this, press editorials, manufacturers and businessmen have expressed the fear that stricter import controls may be required, or the peso devalued to discourage imports.

Petroleum and Steel

Production of crude oil and distillate by PEMEX, the government oil monopoly, averaged 218 thousand barrels a day for the first quarter of 1952. During this period, the company drilled 69 wells, about the same number as last year, of which 31 were oil producers and three gas producers—a rate well below the estimate made by the Director General, who predicted that 400-500 wells would be drilled during 1952. Exports of petroleum products were slow in January, but rose in February, March and April.

Mexico's steel production, some 500 thousand tons in 1951, will be increased to 575 thousand tons in 1952, and a corresponding drop in

imports of steel products is anticipated. During the past year, Mexico imported 250 thousand tons of steel, most of it from the United States.

Electric Power

Production of electricity in Mexico has increased 300 per cent in twenty years, to 1·4 million kilowatts. However, the increase in demand, estimated at 7 per cent a year, will require doubling of present production within ten years. Works under construction will add about 700 thousand kilowatts, principally from the Papaloapan River basin and from the international Falcon Dam on the Rio Grande River.

Other Industries

Textile exports fell from an average of 23·5 million pesos monthly in January and February to 17·5 million pesos in March. For the first six months of the year, the textile industry in Mexico felt the general depression.

Government protection of timber stands in Mexico resulted in very few permits being issued for cutting pine in the important lumber area of Chihuahua. Lumber exports were practically nil during the first few months of this year.

Mineral and metal production showed slight increases during the first quarter of 1952 over the same period of 1951. Foreign demand for Mexican copper continued strong but interest in lead and zinc lessened, especially in Europe.

Agricultural Production

Corn. More than four million metric tons of corn are expected from Mexico's 1951-52 crop, more than one million tons over 1950-51, the result largely of increased acreage and more extensive use of hybrid seed. Though a surplus over public consumption is anticipated, corn will probably not be exported but the surplus will be held for consumption next year in the event of crop failures.

Coffee. During the first four months of 1952, Mexico exported 22,116 tons of coffee, principally to the United States, to a value of approximately 172 million pesos.

Sugar. Sugar production this year is up to 700 thousand tons, 11 per cent over last year, and three or four thousand tons will probably be available for export.

Cocoa. Increases in acreage planted to cocoa in the southern states of Chiapas and Tabasco have meant increased production, estimated at 10 thousand tons for this year. About 3,000 tons will be available for export.

Henequen. The state-controlled co-operative in Yucatan reports that farmers have delivered 113,972 bales (408 pounds each) during the first quarter of 1952, compared with 92,042 bales for the same period in 1951. The United States took the total exports of the fibre (13,500 bales) during the first three months of this year.

Cattle. On September 1st, the U.S. border was opened for the first time in six years to Mexican livestock, now that the foot and mouth outbreak has been conquered. With an anticipated half million head of

cattle moving to the United States each year, the northern ranch states of Mexico may again become an important cash market for consumer goods.

Cotton. The Mexican cotton crop will not be much above a million bales. Drought, followed by excessive unseasonal rains, has reduced the crop from the Matamoros area to possibly less than 200 thousand bales.

Growers believe that improved prices this year will compensate for the fact that the crop will be about one-quarter million bales smaller than was forecast six months ago. Exports of raw cotton during the first six months of this year amounted to 85,034 metric tons, valued at 444.4 million pesos, according to the Secretariat of National Economy. The 350 thousand-odd bales which were held over from the 1951 harvest were sold to Japan and Belgium in May-June in exchange for industrial machinery, but the Mexican growers were reported to have obtained a price of only 19 cents a pound.

Labour Conditions Quiet

During the period under review there were no strikes or significant labour developments. Labour has been concerned about the rising cost of living which from December 1951 to June 1952 averaged an increase of 1 per cent per month. Labour leaders have attempted unsuccessfully to have wages hitched to the cost-of-living index. Negotiations for renewal of labour contracts have centred around wage increases and in most cases management has been willing to grant a 10 per cent increase and other social benefits to meet higher living costs.

Outlook

Although the Mexican economy experienced a lull during this period in its economic expansion, the pause seems purely temporary. Mexico, because of its dependence on markets abroad for minerals, metals, vegetable fibres and agricultural products, is particularly sensitive to the international situation, but internally her economy has been strengthened materially during the past ten years. Factors which will result in further improvement in its economic structure are:

- Extension of educational facilities and improved health and social services.
- Relatively stable labour conditions.
- Mechanization of agriculture and improved yields through better farming methods.
- Large-scale irrigation and power projects, to be completed in two or three years.
- Modernization of railways and construction of a network of highways throughout the country.
- An industrialization program which will make Mexico less dependent on countries abroad for manufactured goods; governmental policies, including a taxation schedule which will continue to attract large foreign investments in Mexican developments. If inflationary tendencies can be checked and if Mexico can continue to dispose of her exports at reasonable prices, her economy should become still stronger and make new records.

—S. G. TREGASKES
Assistant Commercial Secretary for Canada

Peru Provides a Free Market

With import restrictions on goods from all currency areas lifted, Peru has become a valuable market; imports from Canada in 1951 increased to \$5 million.

LIMA—Confidence in the present government, the possibility that its judicious program will be carried out, and increases in domestic production and foreign trade have put Peru in a relatively strong position.

Early in 1951 prices for goods exported rose sharply and foreign exchange holdings increased proportionately. The Government chose this opportune time to abolish all import restrictions on goods from all currency areas. At once—and particularly during the last six months of 1951—there was an exceptional demand for imports, both for articles previously on the list of prohibited imports and those needed for stock-piling. Imports in 1951 reached a new high in quantity and in value. Inventories were soon above normal requirements and in excess of the people's purchasing power. Credit was used to finance a large part of the increased inventories. The resulting shortage of cash and credit facilities slowed down retail sales somewhat and curtailed domestic business.

Foreign Trade

Peru exports chiefly a wide variety of raw materials and imports an even wider range of manufactured goods, normally of a slightly smaller total value.

Exports in 1951 totalled US\$252 million (1950, \$194 million) and consisted principally of cotton, sugar, coffee, wool, minerals, crude petroleum and petroleum derivatives, fish and cottonseed paste. Exports to Canada amounted to \$5½ million, of which over \$5 million was for ores of metals.

Imports into Peru in 1951 totalled US\$278 million (1950, \$187 million) and were larger for most principal commodities.

Principal Peruvian Imports

Commodity	1950 (millions of soles)	1951
Wheat	308	238
Pulp and paper	25	75
Textiles and yarns	123	204
Construction metals	40	112
Machinery	254	357
Agricultural implements	39	57
Tractors	33	48
Motor cars	63	195
Trucks and buses	161	202
Automotive spare parts	44	70
Total	1,090	1,558
Total all imports	2,877	4,238

Imports into Peru from Canada increased from \$3·7 million in 1950 to \$5 million in 1951. Values of principal items traded were:

Imports from Canada

Commodity	1950 (thousands of dollars)	1951
Machinery and parts	315	801
Wheat	341	352
Unbleached sulphate pulp	113	336
Newsprint paper	302	318
Mining machinery and parts	160	295
Rubber belting	10	218
Malt	185	190
Copper rods and wire	31	155
Aluminum, semi-fabricated	111	143
Radio receiving sets .....	.....	134
Asbestos milled fibres	155	123
Total	\$1,723	\$3,065
Total all exports	\$3,744	\$5,054

National Production Rises

Petroleum—Petroleum production was 7·2 per cent greater in 1951 than in 1950, at over 16 million 42-gallon barrels. Comparative and detailed figures are given in the following table:

Peruvian Petroleum Production

	(thousands of barrels 42's)		Percentage Increase or Decrease
	1950	1951	
Crude	15,027	16,109	7·2
Casinghead	1,057	1,097	3·8
Casinghead by-products..	41	34	—17·2
Domestic demand (all products excluding inter- national bunkers)	8,540	9,620	12·6
Exports (all products including international bunkers)	8,384	7,817	— 6·8
Imports	482	491	1·8



Drums of oil waiting for shipment on the Ucagali River in Peru.

During the first five months of 1952, petroleum production increased by nearly 5 per cent. However, domestic demand increased $7\frac{1}{2}$ per cent so there was no rise in exports. The steadily growing domestic demand, unless curtailed by a price rise (present retail price is six cents Canadian a gallon for gasoline) or other means, will cause exports to fall.

Agriculture—About one-half of gainfully occupied Peruvians are in agriculture. Crops in 1951 were excellent; cotton production reached an estimated 1.7 million quintals of 46 kilograms each (1950=1.6 million quintals), the largest return in a decade. Sugar, another principal crop, totalled 489 thousand metric tons (1950=452 thousand metric tons). Returns on maize, rice, potatoes and vegetables were also good.

Mining—Minerals and petroleum rank second in value to agriculture and constitute one of Peru's main sources of foreign exchange. The total production value of metallic minerals in 1951 was 1,561 million soles, of which 1,103 million soles was exported. Non-metallic production was estimated at 2,015 million soles, of which 105 million soles was exported. Lead and zinc production increased appreciably, the result principally of the higher prices prevailing. The table gives the estimated production for the past two years:

		1950		1951
	*(metric tons)	(millions of soles)	(metric tons)	(millions of soles)
Lead ...	62,118	251	82,350	457
Zinc	87,879	334	101,300	486
Copper .	29,930	147	32,274	281

* metal content.

Peru also produces important quantities of gold, silver, antimony, vanadium, bismuth, manganese, tungsten, molybdenum and coal. For 1952, it is estimated that lead production may increase 20 to 25 per cent and zinc 15 to 20 per cent. Copper production will probably remain constant or decrease slightly.

Canadians Must Be Competitive

Canadian firms wishing to do business in Peru must have products and prices which compare favourably with international competition. Goods from the United States, the United Kingdom, European countries and Japan are being intensively promoted. As in most other markets, a personal visit by a company's export officer is the best means of appraising the market and selecting a local representative. However, if such a visit is not always feasible, exporters should make certain of their prospective client's status before undertaking definite commitments. In estimating the probable demand, the exporter should remember that about two-thirds of the eight million people are of Indian stock, live under extremely primitive conditions, and rarely purchase imported articles.

At the moment, stocks are estimated to be still slightly above normal but buying is again taking place in most lines.

—HARRY J. HORNE
Acting Commercial Secretary for Canada

BOLIVIA

LIMA—It is difficult to assess Bolivia's domestic economy because no official statistics have been published for four years. In April 1952 the Government was overthrown and the present regime set up. It has strong nationalistic ideas and hopes to nationalize the mining industry. So far, it has not been able to carry out this part of its program.

Bolivian exports are estimated at about \$80 million in 1951, of which \$70 million represents tin sales. All imports, principally manufactured goods, come in under permit and, as foreign exchange is extremely scarce, few licences are being granted.

In 1951, Bolivian exports to Canada amounted to \$1.8 million (1950=\$2.4 million) and consisted mainly of metallic ores. Imports of Canadian produce in 1951 totalled \$3.5 million (1950=\$2.3 million). Principal items were wheat, newsprint and mining machinery.

Canadian exporters to Bolivia should ship goods only to importers who already have a valid import licence and against payment on a secured basis. And they might well consider insuring shipments with the Export Credits Insurance Corporation.

—HARRY J. HORNE

Acting Commercial Secretary for Canada



One of the lesser but famous products of Latin America is guano, which comes from the famous guano islands off the coast of Peru. Here workers are engaged in gathering this sought-after fertilizer.

Venezuela's Prosperity Continues

Crude oil production set record in the past twelve months; dollars are plentiful; volume of imports from Canada may reach a new high this year.

CARACAS—Venezuela was exceptionally prosperous during the fiscal year ending June 30, 1952. Crude oil production—by long odds the main pillar of the Venezuelan economy—increased steadily and reached a record average of 1,781,000 barrels daily. This production rate compares with the calendar-year averages of 1,498,000 for 1950 and 515 thousand in 1938. This indicates clearly the source of increased revenue which has made possible many notable advances in the Venezuelan economy during recent years.

To meet the continuing strong world demand for oil, local producers stepped up their exploration programs and expanded the proven oil reserves to 10 billion barrels. Still further increases are expected this year because the Government is considering the granting of new oil concessions, probably to some of the smaller companies, for the first time since 1945.

Because most of Venezuela's oil is shipped to hard currency areas, Venezuelan importers have for some years been free from exchange problems. This condition has brought representatives of the world's leading suppliers to Venezuela eager to satisfy every need and to accept conditions of sale seldom found elsewhere, thereby creating one of the most competitive markets in the world today.

The dangers inherent in a single-product economy such as Venezuela's are fully recognized by all Venezuelan authorities. The record federal budget for the coming fiscal year totals \$690 million, 18 per cent higher than the previous year, and is again directed largely towards building a more balanced economy through the development of agriculture, industries, and communications. A measure of the progress which has been achieved since 1938 was given in a table recently issued by the Central Bank of Venezuela:

Factors in Venezuelan Development

	1938	1951
Population	3,400,000*	4,960,000
Oil production (millions of cubic metres) ..	29.9	98.2
Government income (millions of bolivares)	340	2,256
Highways (miles)	1,726	5,378
Motor vehicles (number)	28,000	139,000
Cement production (tons)	40,000	621,000
Electricity production (millions kwh)	170	618
Gold and foreign currency reserves (millions of bolivares)	189.8	1,159
Commercial bank deposits (millions of bolivares)	226.8	1,013.9

* Estimated

Expansion in Venezuelan industries has been noteworthy during the past twelve months. Production of cement, beer, tires, hosiery, rayon textiles, matches and detergents advanced. The government-sponsored power development program progressed and will likely continue to do so because it is generally recognized as important. A new rayon yarn and staple plant is to be opened in Valencia this year and a second automobile assembly plant is operating in Caracas.

Tariff Changes on Fish

Other industries such as fish canning, tomato products, ice cream, tanning, footwear, and metalworking found conditions difficult because of strong foreign competition and awaited with much interest the results of the negotiations with the United States on a new commercial agreement. This agreement was signed on August 28. Particularly strong representations for additional protection were made to the Venezuelan Ministry of Foreign Affairs by the National Fish Cannery Association. As a result, the new agreement with the U.S. specifically excludes canned salmon and canned sardines from its tariff schedule, and provides for higher duty on canned shellfish. Canada is equally affected by these changes because of her most-favoured-nation arrangements with Venezuela. (See *Foreign Trade* of September 20.)

Throughout the year the Government continued its policy of granting comprehensive aid to Venezuelan industry with the result that an increasing number of foreign firms are establishing branch plants, in conjunction with Venezuelan capital. Numerous inducements are being given, such as exemption from duties on machinery, reduced tax rates, and the free transfer of assets and profits.

Help for Agriculture

The Government continued its policy of promoting agriculture during the past twelve months. It assisted coffee exports by a premium rate of exchange, maintained domestic demand for cotton by an import quota system, and subsidized fluid milk production. It also restricted imports of rice, sugar, potatoes and onions until the Venezuelan crop had been sold at satisfactory prices, and regulated imports of lard, butter and powdered milk according to a fixed ratio with domestic production.

One of the outstanding features of Venezuela's food trade has been the sharp impact made by Western European suppliers who have recently captured a much larger share of the market. For example, the combined shipments from Denmark and the Netherlands in 1951 provided 83 per cent of Venezuela's butter imports (57 per cent in 1948); 60 per cent of the cheese imports (42 per cent in 1948); 44 per cent of the ham imports (19 per cent in 1948); 7 per cent of the processed milk ($\frac{1}{2}$ per cent in 1948).

Venezuelan agriculture is responding to the protection provided by the Government but this response has not been up to expectations. Coffee exports, which had declined 44 per cent from 1946 to 1950, showed no appreciable increase and cacao exports shrank a further 11 per cent in 1951 to 14 thousand gross metric tons. Fluid milk production increased 24 per cent and processed milk 13 per cent but butter production dropped

to a ten-year low of 2.3 million pounds, or less than $\frac{1}{2}$ lb. a year per capita. Poultry and egg production was maintained but because demand was greater, imports of shell eggs for the year amounted to 350 thousand cases.

When producers received government loans the results were notable; cotton production increased 20 per cent, rice almost 90 per cent, and vegetable oils 42 per cent. The goal is to make the country self-sufficient in these products and in refined sugar, and it now appears that this goal is attainable. However, many of Venezuela's other basic agricultural product requirements cannot be economically produced and the dependence on imports will continue.

Food Imports from Canada

From the Canadian point of view, these restrictions did not hinder trade severely because our agricultural production is largely complementary rather than competitive. This can be noted from the following table showing the extent of Venezuela's principal agricultural imports and the portion supplied by Canada.

Venezuelan Agricultural Imports in 1951*

Commodity	Total Imports	Imports from Canada (million lbs.)	Imports from Canada as per cent of total
Processed milk	70.6	10.2	14
Hams	5.0	0.5	10
Flour (exclusive of bonded mills)	281.4	125.4	45
Oats (rolled and feed).....	19.7	9.6	49
Table potatoes	85.9	15.3	18
Seed potatoes	8.2	8.0	98
Prepared animal feeds	10.6	0.1	1
Fresh fruit	34.7	4.4	13
Shell eggs	19.1	1.4	7

* Source: Ministry of Development, Caracas.

Iron Ore Exports Larger

Apart from the all-important developments in petroleum, the rapid strides made in the production and export of iron ore were an outstanding feature of Venezuelan mining activities during the past year. The local subsidiary of the Bethlehem Steel Company, which began exporting ore to the United States in March 1951, had shipped a total of 800 thousand tons by the end of 1951. The company expects that more than two million tons will be delivered during 1952 and that a stabilized rate of three million tons a year will be attained by the end of 1953. The U.S. Steel subsidiary in Venezuela, which has proven reserves of more than 500 million tons of high-grade iron ore, is proceeding with its development plans and anticipates making its initial ore shipments to the United States late in 1954. Extensive preparatory work must first be completed, including the dredging of the Orinoco River, the construction of a new port at the mouth of the Orinoco and Caroni Rivers, and the building of a 110-mile standard-gauge railroad and parallel highway. Iron ore will soon become an important new source of revenue to the Venezuelan Government and possibly the basis for a national steel industry.

In an effort to improve internal transportation, road construction again was given high priority. Approximately 500 miles of new paved roads were completed, together with highway bridges totalling 2,700 yards. The progress made in highway development can be judged by the fact that Venezuela now has 5,400 miles of all-weather roads, compared with 1,700 miles in 1938.

A national network of standard-gauge railroads is also planned. The Government is considering the use of foreign capital for this task and has already received offers from U.S. and European sources.

Venezuela wants to create her own merchant marine, primarily to ensure delivery of vital import requirements. The Venezuelan Navigation Company, a national line, and the Flota Grancolombiana Line, which has 45 per cent Venezuelan capital, are receiving strong support from the Government and from Venezuelan trade associations. Two new 4,500-ton ships were ordered by the Navigation Company from a Netherlands shipyard in April.

Venezuela enjoyed an outstanding year in foreign trade. Total exports of \$1,370 million were the highest in the country's history and exceeded the 1950 volume by more than \$200 million. Imports were also up, and the 1951 total of \$645 million surpassed that of 1950 by \$105 million. The United States was again Venezuela's principal supplier with 67·4 per cent of total imports, followed by 6·5 per cent from the U.K. and 4·2 per cent from Germany.

Trade with Canada Growing

Canada was Venezuela's fourth supplier with 4 per cent of the import trade, shipping nearly 500 different commodities valued at \$27 million. Canada's \$136 million imports from Venezuela consisted almost entirely of petroleum products. During the first half of 1952, Canadian exports to this country were running 58 per cent higher than the 1951 rate, and it is likely that 1952 will prove to be a record year. Among the principal Canadian exports to Venezuela at present are flour, powdered milk, automobiles, tires and tubes, newsprint, copper wire, farm machinery, aluminum sheeting, wood pulp and canned hams.

Canadian exports will benefit from the reduced tariff rates on a wide range of products (many of particular interest to Canadian businessmen) as a result of the new U.S.-Venezuelan Trade Agreement.

The Outlook

The outlook for trade development between Canada and Venezuela appears most promising. Government income from the rising Venezuelan oil exports is being invested in projects which require heavy expenditures abroad for capital and maintenance equipment. The increasing population with higher incomes will need additional quantities of foodstuffs and consumer goods. This, together with the demands resulting from the exploitation of new Venezuelan natural resources, should continue to make this country an attractive market for Canadian suppliers prepared to meet strong competition.

—J. A. STILES

Consul of Canada and Trade Commissioner

Trade and Tariff Regulations

Ireland Announces Import Quotas

Dublin, September 3—FTS—By four Quota Orders issued under the Control of Imports Acts, 1934 and 1937, the Government of the Republic of Ireland has announced additional quotas and quota periods as follows:

- Hose (other than half-hose) of silk or artificial silk: 100 thousand pairs, as against 500 thousand for previous six months' quota. The new quota period extends from September 1, 1952, to February 28, 1953.
 - Certain laminated springs: £1,000, compared with £3,000 for previous six months. The new quota period extends from October 1, 1952, to March 31, 1953.
 - Yarns and rovings of wool and hair: 520 thousand lb. for the first quota period from August 12, 1952, to January 31, 1953.
 - Single yarns of cotton: 750 thousand pounds weight for the first quota period extending from August 29, 1952, to November 30, 1952.
-

Philippines Add to Prohibited Imports

Manila, September 11—FTS—On the recommendation of the Import Control Commission and the Economic Administrator, the Philippine Cabinet announced on September 9 that seven commodities would be added to the list of prohibited imports, and one other product, upper leather, would be reduced by 20 per cent of the present volume of imports.

The prohibited items are: incandescent bulbs: 115 volt—75 watt, 100 watt, 150 watt and 200 watt, and 220 volt—75 watt, 100 watt, 150 watt, and 200 watt; fluorescent tubes: 14 watt-T-13, 15 watt-T-12, 15 watt-T-8, 20 watt-T-12, 30 watt-T-12, 30 watt-T-8 and 40 watt-T-12; grey cloth; foreign lining; sheepskin lining; sheepskin splits, and tomato ketchup.

The ban on incandescent bulbs does not apply to decorative bulbs for Christmas trees, bulbs for batteries, radio tubes, sealed beams and circline, circlarc and slimline tubes.

U.K. Cancels Commodity Arbitrage

It was announced in *Foreign Trade* of August 23 that the Bank of England had established a scheme at the beginning of August whereby it was prepared, on a temporary basis, to consider applications for residents of the United Kingdom to purchase dollar raw materials for resale to countries of the European Payments Union. After a week of operations, the Bank announced that no new applications would be considered for one month. On September 11, a further announcement stated that the Bank of England would not reopen the facilities for purchase of dollar commodities.

It is understood that this cancellation results from the improvement which has taken place recently in the sterling area's balance of payments with the EPU.

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in
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VENEZUELA	J. A. Stiles, Consul of Canada and Trade Commissioner, Apartado 3306, Caracas.

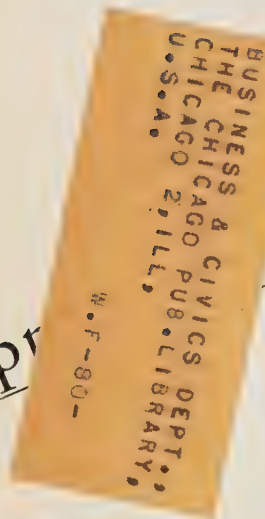
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foreign trade

OCTOBER 4, 1952



OTTAWA
CANADA



New York Market for Canadians (page 2)



foreign trade

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United States

Canadians and the New York Market

Canadian exporters, says our correspondent, should put more time and effort into selling consumer goods, especially in the busy retail area around New York.

NEW YORK—The United States is, and has been for some years, Canada's number one market. In the first half of 1952, Canadian exports to the United States reached \$1,113 million—a gain of \$3 million over the first half of last year and 53·3 per cent of the total value of goods sold abroad. These figures are particularly encouraging, because total U.S. imports for the first six months of the year declined by more than \$600 million compared with the same period in 1951.

But that is only part of the story. Canada has been selling to her neighbour mainly raw materials and semi-manufactured goods. Fully manufactured consumer goods have not made much impression on the U.S. market. Why?

The answer is, I believe, that not enough Canadians have been out telling U.S. buyers, department stores, buying houses and commission agents that Canada makes the finest products in the world, and that the laid-down prices, if somewhat higher than those of competitors, are worth paying because of Canadian quality and good workmanship.

As an example, a few months ago I visited Rochester and called on all the important department stores. My discussions with the merchandise manager of each store revealed that none of them had yet had the pleasure of a single call from a salesman representing a Canadian manufacturer. Yet Rochester is just across the border from Canada and is one of the best cities in the U.S. in which to introduce Canadian merchandise.

The time has come, it seems to me, when export firms in Canada with quality goods to sell abroad should examine the U.S. market and spend a little time and money cultivating it. In some cases, of course, fairly high import duties must be surmounted. But, thanks to GATT and certain trade agreements of which Canada gets the benefit, the U.S. tariff is not the bugaboo it once was.

The U.S. attitude towards Canada and Canadian products has changed subtly in the last few years. Prominent American newspapers, weekly and monthly magazines have been featuring our industrial expansion, our favourable trade balances, our budget surpluses. Canada is becoming known as an important and reliable source of supply. And this marked change in attitude cannot help but improve the business relationship between the two countries. Canadian manufacturers and exporters, especially of consumer goods, should recognize this fact and capitalize on it.

To help them sell in the U.S. market, the Department of Trade and Commerce recently opened a permanent showroom in Rockefeller Center, New York, to display Canadian manufactured goods which should find a market in the United States—and especially in the New York area.

The exhibits are changed about every two months. Already they have featured women's and men's sportswear and sport equipment; handicrafts; textiles, women's suits and dresses and men's shoes; and Canadian wood and wood products. During October and November, the Showroom will display Canadian food products and beverages, including perishable foodstuffs such as frozen fish, fruits, and vegetables.

Canadian Showroom Gets Results

The Showroom has already proved its value. The exhibits have brought hundreds of inquiries, all of which are followed up, some with interesting and tangible results.

One Canadian manufacturer who showed men's boots and ski boots last December has done so well that he has opened a retail shoe store in New York, selling Canadian footwear only. Another Canadian exhibitor of sportswear has sold over \$100 thousand worth of clothing. A manufacturer of winter ski suits is shipping regularly to one of the exclusive stores on Fifth Avenue. There were sales of Canadian handicraft during the handicraft show and business initiated in this way should continue to grow.

The Canadian merchandise in the Showroom must all be returned to Canada when the display is dismantled. However, the samples are available for some weeks, and this gives American buyers an opportunity to examine them and get details on prices, etc. The prospective buyer can then communicate direct with the manufacturer and make his own arrangements.

The Rich N.Y. Market

The Showroom is situated in the heart of one of the richest markets in the United States—the Mid-Atlantic region, comprising the states of New York, Connecticut, Pennsylvania, and New Jersey. This region contains about 20·2 per cent of the total U.S. population (some 30,700,000 consumers) and represents 20·6 per cent of the total retail sales, or about \$29 billion a year.

In New York State alone, \$14·2 billion passes over the counters of the 240 thousand retail trade establishments. The leading products on which this money was spent in 1950 were:

Article	Value of Total Sales N.Y. State (\$'000)	Per cent of total U.S. sales
Canned goods and groceries	\$1,615,286	10·2
Automotive and parts	1,150,839	7·5
Meats, poultry and sea food	1,146,348	8·2
Fresh fruits and vegetables	370,686	11·9
Furniture	352,042	11·1
Beer, wine and liquor	340,175	12·3
Women's, misses and junior dresses	302,045	16·6
Men's ready made clothing	300,164	12·5
Rubber footwear	295,858	11·9
Dairy products	282,016	15·4
Women's, misses' suits and coats	226,122	14·1
Drugs and toiletries	219,000	....
Women's and girls' footwear....	198,689	11·6

Not only does New York rank first in domestic sales—much of the merchandise sold in other parts of the country is purchased from agents or through buying houses located in New York City. This is particularly true of the department stores. There are more than 400 so-called “buying houses” and “merchandise brokers” in New York which specialize in providing merchandise of all kinds, but particularly clothing, dresses, suits and other stylewear for the hundreds of department stores right across the country and as far west as California. Some 75 per cent of the goods sold in department stores throughout the United States are purchased, it is estimated, in New York through these buying houses. (The 47 large department stores in New York City itself have their own buyers.)

Port of New York

New York is the largest and wealthiest city in the United States, but it is also the greatest ocean port in the country. During the year 1951 the New York Port Authority handled 13,397,000 tons of general cargo—import and export—5 per cent more than in the previous year. This represented 30·8 per cent of the national total of general cargo handled by all ocean ports in the United States. Taking general and bulk cargoes together, the Port of New York handled 18·2 per cent of the national total, some 178 million tons, in 1951. Much of this consists of overseas shipments en route to or from Canada.

Overseas Buying Offices

A substantial part of the export business through the Port of New York results from the fact that there are 1,325 export merchants, commission houses, manufacturers’ agents and overseas buying offices in New York City. A large number of them are the purchasing offices of the large mining, railway and oil companies in South America which are responsible for buying all machinery and supplies.

In addition there are 23 foreign government purchasing missions located in New York (and some others in Washington). They arrange contracts for their individual governments, though in some cases purchases are confined to defence equipment for their armed services.

Exporters Should Use New York

Canadian manufacturers will therefore appreciate the importance of New York as an important outlet to other markets overseas. Yet it is only seldom that Canadian export managers visit New York to get in touch with these companies that are wholly engaged in overseas trade. Firms in Canada wishing to develop export business or to increase it should send their salesmen to make personal calls on some of these export houses and purchasing missions. In this way, they could establish export connections which might prove profitable in the long run.

—A. E. BRYAN

Deputy Consul General and Trade Commissioner

Ceylon

The Flour Market

Rice shortage is forcing the Ceylonese to use more flour, thus creating an export opportunity for flour-producing countries.

COLOMBO—Rice is the basis of the typical Ceylonese diet. Ninety per cent of the population at least eat it, if possible, two or three times a day in curry or similar forms—and prefer it to all other cereals. Before the war they could buy rice in quantity and at reasonable prices but wartime restrictions on production and transport cut off supplies and substitute foods had to be found. The principal one was flour and, outside of limited domestic supplies of rice, the country lived for some years on Australian flour, augmented by occasional shipments from Canada. After the war, rice imports from various sources, mainly Burma, were revived but supplies were insufficient and the trade in flour has continued. Flour imports have totalled over 150 thousand tons a year, largely from Australia, but on occasion from Canada and the United States as well. The figure for 1951 was 211 thousand tons.

Change in Diet

For most Ceylonese, the change from rice to flour as a daily food has not been easy. It has meant the invention of new dishes and methods of cooking, the improvisation of utensils and, to many people of simple traditional tastes, a drastic change in their way of life. However, the change-over has been under way so long that it can now be considered permanent, and new methods of preparing meals with flour as a basis may well be developed.

The Government is greatly concerned over the problem of providing its people with adequate supplies of basic foods. Ceylon, with its comparatively small and arable area and rapidly growing population of 7½ million, has not been able to feed itself for many years. Exports of tea, rubber and coconut products have paid for imports of rice, flour, sugar, vegetables and other food products not available from local sources.

Now, two main factors are pointing up the faults in such an economy:

- The widespread demand for rice throughout all the countries of Southern Asia.
- The falling-off in postwar rice production and exports, particularly in Burma and Indo-China.

Ceylon's difficult position as a buyer is accentuated by her membership in the sterling bloc and her consequent reluctance to purchase rice from dollar countries, except in emergencies.

Ceylon's annual imports of rice before the war were, on an average, 500 thousand tons, supplementing domestic production of some 50 thousand tons. Prewar flour imports were from 15 to 20 thousand tons. From 1946 to 1951 rice imports increased from 250 to almost 500 thousand tons and then declined to 395 thousand tons. The flour trade declined from 210 to 170 thousand tons and later recovered to the former figure. These figures indicate a general increase in demand for cereal foods based on increasing population and a very gradual increase in domestic production, and increasing difficulties in obtaining supplies of rice from abroad because of shortage or currency difficulties.

Ceylon should not be regarded as a permanent market for large quantities of flour. Rice will always be preferred and if ample stocks were available, the flour import trade would dwindle to a fraction of its present volume. World rice production is not promising, however, and Ceylon may continue to be a flour buyer for some time to come. This is particularly true if some flour purchases can be made in sterling—as from Australia—whereas some rice purchases have to be paid for in dollars, for instance, from the United States.

Outlook for Rice

Ceylon's prospects of returning to a rice diet lie in the distant future, as far as can be determined from reports on political and economic conditions in the principal rice-producing countries of Southern Asia and the Far East. Considerable efforts are being made, with international co-operation, to increase domestic output of rice and other basic foodstuffs but these have done little more than help keep pace with growing demand.



—Colombo Information Department.

Rice, here being transplanted, is the preferred food in Ceylon, but shortages in all the producing countries have forced the substitution of flour and created an export market in this country for flour producers.

An unfortunate aspect of the situation was revealed a short time ago when, in an attempt to increase flour consumption and conserve stocks of rice, the Government offered comparable quantities of flour free of charge to holders of rice coupons who were prepared to surrender them. The response to this generous and unusual offer was poor, making it apparent both that the Ceylonese prefer a rice diet to one based on flour, and that the general population is well enough off to pay for its rice when it can get it, and to use flour only when financial or other conditions make it necessary.

Government Is Buyer

Since the war the Government has had a monopoly over the purchase and distribution of rice, flour and some other basic foodstuffs, as part of its policy of ensuring food supplies and maintaining fair prices. Rice has been rationed and sold, under ration, at fixed prices. Certain grades, depending on the stock position, have been available on an off-ration basis at much higher prices. At the same time flour has been sold at fixed prices but it has not been rationed. Such controls are likely to continue for an indefinite time because of the Government's desire to keep living costs as low as possible.

The cost of implementing this government policy is a heavy drain on the treasury. It is estimated, for example, that food subsidies payable on rice and flour during the present year will amount to some Rs.265 million (Canadian \$55 million). This is a high figure in comparison with Ceylon's population and income but the practice is in line with the Government's traditional ideas of social welfare and improvement in living standards. The bulk of this will be paid in rice subsidies designed to maintain prices of standard rationed grades at (or about) Rs.0.25 per measure of about 2 lb., which compares with off-ration prices of Rs.0.85 to Rs.1.20. Flour costs Rs.0.23 per lb., is not rationed, and is generally available. The price is still supported and flour subsidies for 1952-53 are expected to amount to some Rs.33 million of the total subsidy figure.

Purchasing Policy

Ceylon has participated in the International Wheat Agreement since its inception and has valued this avenue of supply. The country has made several requests for lower prices and larger allocations. The former objective has not been attained but an increase in supply up to 127 thousand tons of flour was arranged for 1951. A later request for an additional increase was refused. Meanwhile, Ceylon has made purchases outside the agreement when it appeared economical to do so. Government buying policy dictates that all orders shall be based on price, consistent with the provision of standard quality.

The purchase of flour from Canada and some other countries has presented a problem which is not encountered in dealings with Australia—the determination of the grades required or preferred. One shipment of a very inferior type of Canadian flour was purchased some years ago and led to serious misunderstandings, even though the flour was precisely according to specifications. Subsequent purchases have called for higher qualities, generally milled from No. 3 and No. 4 wheat with specified gluten and ash content. Depending on the quality of Canadian wheat

available and the prices at which flour of various specifications can be sold, the Government is prepared to alter its basic specifications within reasonable limits.

There is no flour milling industry in Ceylon, because of the limited and uncertain demand, and it seems improbable that one will develop. However, wheat and other grains are milled in a number of small primitive establishments throughout the country. Wheat is not imported into Ceylon at present.

Bakeries in Ceylon consist of a few reasonably modern establishments of limited capacity, and a considerable number of others which are designed and operated on primitive lines. A large quantity of the flour imported into this country is not used for baking bread but is made up into other foodstuffs such as string hoppes (resembling macaroni), rotti (resembling pancakes), and a variety of other foods of peculiarly local types. These are cooked in many different ways, according to local tastes and the facilities available.

The baking trade has become more familiar with Australian flour than any other type and produces an acceptable loaf. Some bakers have had difficulty in baking good bread from Canadian flour because they did not know its strength and absorptive characteristics. Demonstrations of proper baking techniques with Canadian flour have tended to correct this situation. The baking qualities of Canadian flour, however well recognized, cannot be expected to have much influence on its consumption as compared with softer flour because only a proportion of the total consumed is used for baking bread, rolls, etc.

Packing and Shipping

Canadian flour is normally required in 140 lb. jute bags because these are cheaper than the smaller cotton bags and suffer minimum loss from breakage and careless handling. Canadian flour shipments are generally delivered in good condition and, in comparison with flour from other sources, enjoy a good reputation on this account.

Shipment is usually arranged by the Food Ministry which is accustomed to purchase in cargo lots for its own chartered vessels. It is believed that this practice has meant large savings, as compared with purchases in smaller quantities for shipment at liner freight rates. Such a policy involves difficulties for flour mills which cannot in general supply full cargoes of a special grade at short notice, but co-operation between millers provides a satisfactory answer to this problem.

Representative Important

Despite the fact that the Government maintains a monopoly of flour purchases, it has been found desirable for Canadian mills to make representation arrangements. These may at times involve little more than contacts with the Food Ministry, the supply of samples for testing purposes, and similar small matters of immediate practical value. Mills interested in this territory should, nevertheless, appoint and retain agency connections with local commercial firms not only for present purposes, but also to ensure future business when the Government returns the trade to normal channels.

—PAUL SYKES

Canadian Government Trade Commissioner

Ireland

The Dressed Meat Trade

Remarkable growth in the dressed meat trade, aided by a new refrigerating system, is proving of real benefit to the Irish economy.

DUBLIN—A new refrigeration system evolved by the Irish Fresh Meat Exporters' Committee, Dublin, will make possible an all-year-round export trade in meat, chiefly to the United Kingdom. It is expected that the 4,636 long tons of frozen meat shipped to the United Kingdom between January and July of this year will be replaced by almost double that amount of new chilled meat within the next six months. And nearly 10 thousand long tons may be marked before 1953.

By the new method the meat is chilled in refrigeration depots, taken to the dockside in huge insulated containers, and put into the ship's special refrigerators by means of insulated trolleys carried on a conveyor belt. Unloading is carried out in the same way, and handling of the meat reduced to a minimum. Already two experimental lots of chilled beef of 25 long tons each have gone to New York, where they graded well.

New Factories Built

A new refrigeration factory, Refrigorifico Ltd., is being built to process the heavier shipments and when completed will employ 400 people the year round. A Cork firm, Messrs. Lunham Bros., whose bacon factory was lately re-equipped as a chilled and canned meat plant, recently sent its first shipment of 250 chilled beef quarters to the United Kingdom under the improved chilling system. Two shipments are to go each Monday and Friday and the first shipment of frozen boxed beef cuts to the United States will leave in the near future. This factory is absorbing about 1,000 head of cattle a week.

Another new dressed meat factory, operated by Irish Meat Packers Ltd., has been established at Barnhall, Leixlip, Co. Kildare, and is sending chilled beef to the United States Air Force in the U.K. This factory also specializes in the canning and processing of by-products. At present about 120 workers are employed and that number may rise to 150, when output will be almost doubled. Between 400 and 500 cattle are slaughtered each week and this number will probably increase to 800 before the end of the year. Four large refrigeration rooms, a 100-ton store, and a modern offal-processing plant will shortly be added. A regular supply of cattle is ensured because the 165 acres around the factory will make it possible to keep a substantial reserve of stock on grass. Stewed steak and canned tongues will be among the products when the factory is working at full capacity.

All this indicates how the Republic of Ireland is gradually switching over from uneconomic "on the hoof" exports to the trade in dressed and processed meat. The change began about two years ago with experimental shipments of frozen or chilled meat to the United States. Since then, the trade has developed rapidly and markets have been found in the United Kingdom and on the Continent. In 1951, exports of dressed meat are said to have reached \$10·6 million and in the first seven months of this year, \$8·5 million. During the twelve months ending June 1952, frozen meat was shipped as follows:

Country	Quantity	Value
United States .....	.....	\$6·6 million
Spain	4·5 million lb.	\$1·3 million
Western Germany	994 thousand lb.	\$352 thousand
Netherlands	768 thousand lb.	\$217 thousand
Sweden	548 thousand lb.	\$126 thousand
Canada	493 thousand lb.	\$188 thousand

In the past few years, the export of fresh and chilled meat to the United Kingdom has increased considerably. For the twelve months ending June 1952, exports of fresh and chilled beef to Great Britain reached 20·6 million lb. valued at about \$4·2 million. Frozen beef exports amounted to nearly 2 million lb. valued at \$765 thousand. Fresh and chilled lamb exports to the U.K. amounted to 2·5 million lb. (\$676 thousand); fresh and chilled mutton to 20 thousand lb. (\$5,500).

Fresh and chilled beef is now being consigned to the Continent. The following are the approximate figures for the period January to June, 1952:

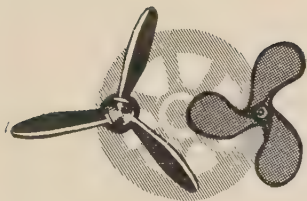
Country	Quantity (pounds)	Value
France	855,000	\$233,000
Netherlands	211,000	\$ 56,000
Italy	69,000	\$ 15,500
Switzerland	29,000	\$ 11,000

This growth in the processed meat trade has had a beneficial effect on employment in the Republic of Ireland. Additional labour is also needed for slaughtering, processing the offal, sausage-making, the production of leather, glandular extracts and blood and bonemeal. Existing plants in the Republic of Ireland, it is estimated, can handle 200 thousand cattle a year.

The expansion of the dressed meat trade reduces the cattle industry's dependence on the United Kingdom, because under the 1948 Anglo-Irish Trade Agreement the Republic is bound to send 90 per cent of her exports of live cattle to the United Kingdom. This agreement will probably be revised in the near future and officials are already conducting preliminary talks. A reduction of this quota would give Ireland a better trading position. Under the agreement, the United Kingdom was bound to accept imports of carcass beef at the rate of not more than 200 tons per week, with an annual limit of 4,000 tons. This situation is also likely to be reviewed because of the remarkable growth in the Republic's dressed meat trade.

—GEORGE SHERA

Acting Commercial Secretary for Canada



TRANSPORTATION NOTES

CANADA

New West African Service—Kerr Steamships Limited have inaugurated a new steamship service to Las Palmas/Tenerife, Freetown, Matadi, Loanda and Lobito in West Africa. On September 9 the M.S. *Thor I* sailed for Matadi.

This company, general agents for the Christensen Canadian South African Line, inaugurated experimental sailings to this range in 1950 but were unable to continue the service because of a lack of sufficient tonnage. New ships coming on berth for the Norwegian ship owners, Thor Dahls A/S, have made possible the transfer of the *Thor I* from the Pacific Islands Transport Line to the new West Africa service. Further sailings to West African ports will be scheduled.

INDIA

Build Seven Diesel Ships—Orders for seven diesel ships have been placed by Indian shipowners with Hindustan Shipyard Ltd. Five of 7,000 tons deadweight will be used for the coastal services of the Scindia Company. Two 8,000-tonners, fitted with radar, gyro-compass and echo-sounding equipment, will be run by the Eastern Shipping Corporation on its far eastern routes. The diesel propelling machinery has been ordered from the German engineering firm of M.A.N. These ships, on which work is expected to start next year, will be designed according to the Maierform method which provides for finer hull lines and lower fuel consumption. It is hoped to launch four ships by the end of 1953 and three in 1954. Arrangements have been made to send 25 senior marine engineers to the M.A.N. Works in Augsburg, Germany, for training in diesel engineering—Bombay, September 15.

IRELAND

New Ships—The first of three new colliers was delivered to an Irish shipping company recently, having been launched at Goole, Yorkshire. She is the *Irish Heather*, a diesel vessel of about 1,050 tons with a service speed of 11 knots.

Delivery of another ship of about 9,000 tons, with refrigerated space for transporting chilled and frozen beef to Europe, the United States and Canada, is expected late in 1953. Three ships are on order for 1954. One of these will be the company's first tanker and a five-year contract has been concluded with an oil company for trade between Irish, British and Continental ports.

When the present orders are completed, the shipping company will have a fleet of 18 ships totalling about 150 thousand tons—Dublin, September 24.

NORWAY

Merchant Fleet—On January 1, 1952, the Norwegian merchant fleet consisted of 2,169 ships totalling 5,787,000 gross tons, of which 343 vessels aggregating 2,839,000 tons were tankers. During the first half of the year there was a net increase of almost 250,000 tons, and by June 30 the total tonnage was about 6,000,000 tons. Another 2,600,000 tons is in course of construction or has been ordered for Norwegian account, including 627,000 tons from Norwegian yards—Oslo, September 10.

Freight Earnings—The net freight earnings of the merchant fleet in 1951 amounted to about 2,000 million kroner, and the estimate for 1952 is 2,400 million kroner. During the first quarter the net freight earnings totalled approximately 595 million kroner and reached approximately the original estimate, despite severe drop in freight rates during the first half of the year—Oslo, September 10.

PAKISTAN

New Diesel Locomotives in Service—Delivery has been completed on an order for 23 broad-gauge diesel electric locomotives placed by the Pakistan State Railways with the American Locomotive Company in 1950. These locomotives, which cost approximately \$6 million, are now serving on the North Western Railway in West Pakistan. The American Locomotive Company is training Pakistani officers and staff to operate and maintain the locomotives. Fifteen officers have already been trained in the United States. The North Western Railway workshop in West Pakistan will be equipped to undertake repair and maintenance—Karachi, September 17.

TURKEY

Highway Improvement—According to a press report on the Turco-Greek Agreement recently signed in Ankara, construction of a 730-metre bridge across the Maritza River between Feredjik on the Greek side and Ipsala on the Turkish side will be completed within a year. The location of the bridge will be on the old Ignatious road leading from Istanbul to Salonica and the work will be undertaken under the sponsorship of the Joint Greco-Turkish Flood Control and Irrigation Scheme and the Mutual Security Agency. The improvement of this river crossing, together with planned improvements on a stretch of road on the Greek side, will greatly facilitate motor travel between Salonica and Istanbul. It will also eliminate one of the worst sections of the present road between London and Aleppo, which forms part of the international road approved in Geneva on September 16, 1950, to link London and Calcutta—Istanbul, September 10.

South Africa

The Textile Industry

JOHANNESBURG—Over thirty factories are turning out textiles and textile products in South Africa, according to a report by the Board of Trade and Industries. This is a striking fact because, for the most part, the industry dates back only to 1946 and is a comparative newcomer in the nation's industrialization. Operations before 1946 were confined to the manufacture of blankets and, to a lesser extent, knitted articles.

This late development is generally believed to be the result of the depressed state of the world textile trade during the period between the two wars. From the beginning of the war the situation changed rapidly. Demand for piece goods, mainly for war purposes, plus the need to establish factories in relatively safe areas, suggested an idea. This was to use native labour to bring costs in line with those in countries with low-cost production, and to provide modest tariff protection. In this way, a profitable industry could be built up. However, with the exception of blankets and certain hosiery goods, tariff duties on textiles generally were low and it was the policy to use white labour. In the face of outside competition these two factors prevented any appreciable development.

Overseas Capital

At the time of the investigation by the Board of Trade in 1950, approximately £12·5 million had been invested in the thirty new factories established since 1945. Over half of this amount came from overseas. Certainly, the total investment today is appreciably more. Most of the larger factories are subsidiaries of or associated with long-established firms in England, France and Italy. Their machinery, mainly installed since the war, is on the whole modern and efficient.

Today only a fraction of South Africa's normal requirements of textiles is supplied by local production. Estimated output, based on standard machinery capacity and on the assumption that three shifts will be worked, shows that only a small proportion of the textiles required other than worsted spinning and weaving, and rayon knitting, can be manufactured.

Cottons

Eight factories were producing cotton textiles by the end of 1950, (not including blankets and kaffir sheeting). Of these, one is purely a spinning mill, four are fully integrated to spin, finish and weave, and three are weaving mills only. The range of cloths produced is limited to bleached and unbleached calicos, drills and twills, ducks and canvas, tire cord fabrics, towelling and surgical gauze. Therefore, the industry must expand considerably before it can even begin to supply an important part of the cotton fabrics required.

Taking into account the development plans of the companies in existence in 1950 and the new ones that have entered the field since, the weaving and spinning capacity of the Union's cotton industry is estimated to be capable of producing approximately one-third of the cloth requirements of 200 million yards a year.

Worsted

The Union has nine worsted plants, most of them opened in 1950. Three are solely commission firms. One is a spinning plant only, and one a weaving plant using high quality imported yarns. The other four are fully equipped to comb, spin, weave and finish. Most of them use modern equipment.

Production figures for worsteds are not available because most of the plants have been operating only a short time. However, calculations based on planned production show that the industry has the capacity to produce about 3½ million yards of worsted cloth and over four million pounds of handknitting and hosiery yarns a year. This potential production of worsted cloth, it is believed, will provide nearly three-quarters of the Union's present needs. Production of yarns will satisfy the bulk of the demand for a year or so.

Woollens

Today, only one factory is solely concerned with the production of woollen and woollen mixture cloths. Two worsted mills have recently added woollen sections. No statistics of output or plant equipment are available but it is clear that the capacity to produce is only a small fraction of the yearly demand, placed at over nine million yards of cloth.

Rayon Spinning and Weaving

Rayon yarn is not produced in the Union although, on the basis of the yarn equivalent of the rayon goods imported, the establishment of a spinning plant is being seriously considered. On the weaving side, there is only one factory with an output of about 1 per cent of the country's requirements.

Hosiery

The hosiery market in South Africa is small and the industry does not specialize like those in most other countries. Its several divisions include full-fashioned hosiery, seamless hosiery, socks and stockings (other than full-fashioned and seamless outerwear), underwear, gloves and knitted fabric. The underwear section is the best developed and produces the great bulk of the country's requirements, particularly in the cheaper lines. With the exception of full-fashioned hosiery, the other sections of the industry are mainly connected with garment factories.

A plant to produce full-fashioned nylon hosiery has been in operation since 1950; its output is from stockings imported in the gray. It has recently completed another factory which uses imported nylon yarn. In the near future both plants will be producing an appreciable but still minor proportion of the Union's requirements of nylon stockings which is put at about 450 thousand dozen pairs a year.

Before the war South Africa was one of India's important outlets for jute and jute products. However, the Indian embargo forced the development of a local industry. There are now two factories which produce all the wool packs required in the country, as well as a proportion of the grain bags. Additional supplies of grain bags, sugar, fruit and vegetable bags, valued at over £6 million a year, are still imported. The return of normal trading with India would ruin the local industry, it is believed, unless tariff protection was provided.

Carpets

The Union's one carpet factory was established in 1948 and has confined its production to Axminster and Wilton type carpets which constitute the bulk of the demand. Production covers a considerable part of the country's requirements. Only one shift is operated at present. Two shifts will be introduced if competition from overseas suppliers makes such a step necessary.

Other Fabrics, Felts

Of the five concerns producing elastic and braid, four have been in operation for only two years. Estimated value of total output at today's prices is £120 thousand, or about one-quarter of the Union's annual requirements. Further development is under way in this industry.

Four manufacturers are producing sufficient quantities of felt to meet the demand except in certain specialty lines. One produces only wool felts and one only needle felts. The other two produce both. All four factories are not normally in full operation because their capacity is too great for the local market and the inadequate export market.

Dyeing and Finishing

Apart from laundries and dry cleaners who do a certain amount of dyeing and finishing, there is only one firm which specializes in this work in South Africa, although several companies are being planned. The Board of Trade believes the opportunities for them are good.

—BLAIR BIRKETT

Canadian Government Trade Commissioner

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Philippines

The Sugar Story

The sugar industry is rallying from its wartime low. The U.S. is still the only foreign customer, but next year the Philippines may be able to supply other export markets.

MANILA—The Philippine sugar industry is gradually approaching its prewar output of over one million short tons a year and regaining its position as one of the country's leading industries. During the war, 26 out of the 42 mills were completely destroyed and 13 severely damaged and it has taken time for the industry to recover. Today 28 sugar mills are in operation and their production for the crop year ending September 30, 1952, is estimated at 1.1 million short tons.

Just before the war, production averaged 1,120,311 short tons per year. During the war, practically all activity ceased. For the 1945-46 crop year production amounted to 12,913 short tons; by the 1948-49 season, it had reached 729,537 short tons. In 1949-50, output dropped to 650,459 short tons; went up to 897,116 short tons in the 1950-51 crop year.

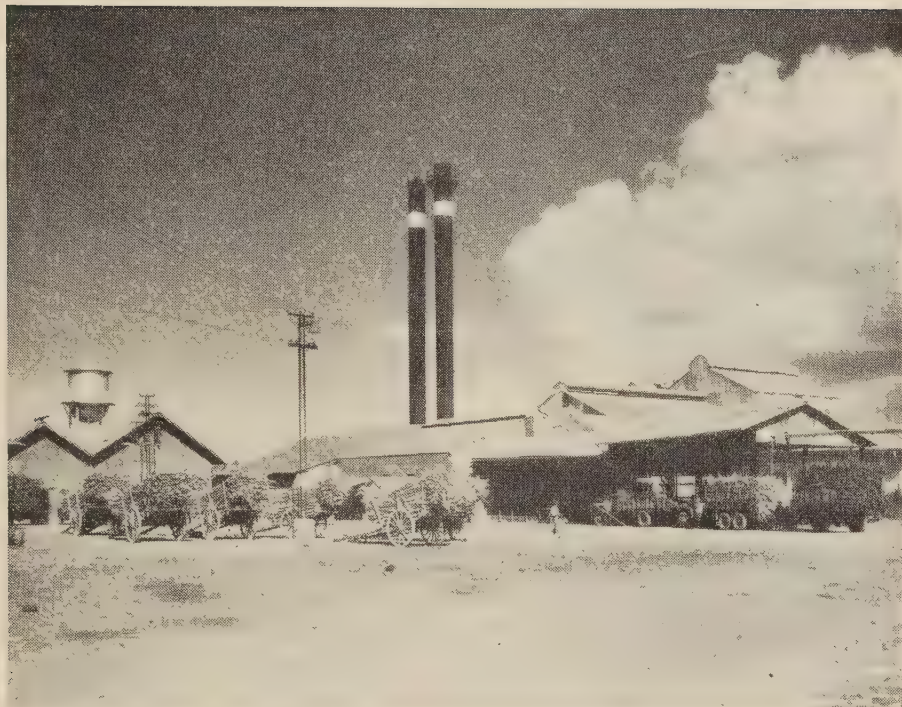
Domestic Consumption

The domestic market absorbs only a small proportion of the total production of sugar in the Philippines, and the larger part is exported. Before the war consumption averaged 162,067 short tons; in 1940 it reached 198,450 short tons. Not until the 1947-48 crop year were sufficient quantities again produced to meet the local demand and leave some for export. It is estimated that domestic requirements average over 200 thousand short tons a year.

For the present crop year, the quota for domestic consumption has been raised from 230 thousand to 279,505 short tons. As a result, the price of domestic sugar is lower than the price of export sugar for the first time since the war. The Sugar Quota Administration, in an effort to keep the price of domestic sugar below that of export sugar, has set the domestic quota for the 1952-53 crop year at 300 thousand short tons, which should be more than enough to meet local requirements.

Principal Markets

The United States has always been the principal market for Philippine sugar and before the war took about 1,008,875 short tons a year. Following the war and under the terms of the Philippine Trade Act of 1946, the United States provided a duty-free import quota of 952 thousand short tons of Philippine sugar. The Philippines were not to export sugar to any other foreign country until this quota was filled. Exports to the U.S. were resumed during the 1947-48 crop year but have not yet reached the



Bringing sugar cane to the mill for processing.

established quota. In fact, only during the last two crop years have exports to the United States come anywhere near the quota. For the 1950-51 crop year, they totalled approximately 700 thousand short tons. For the present crop year, exports have reached 755,618 short tons and by September 30, 1952 (the close of the year), they may touch 775 thousand short tons—still 177 thousand short tons below the export quota. Earlier this year the Philippines were about to offer 40 thousand tons for export to various markets in the Far East, but the Government decided against it.

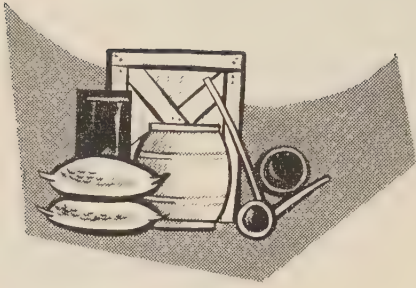
Record Crop Forecast

According to a recent crop survey by the Philippine Sugar Administration, barring damage by typhoons or drought, the production of sugar by the regular planters for the 1952-53 crop year should reach about 1.3 million short tons. In addition, production by emergency planters may come close to 66,500 short tons.

If the estimates prove correct, it will be the first time since liberation that the sugar output of the Philippines has exceeded both domestic and export requirements. After providing the 300 thousand short tons for local needs and the 952 thousand short tons for export to the United States, there should be 75 thousand short tons over, which may be exported to other countries. In fact, the industry is looking forward to the time when it will have supplies available for such potential markets as Japan, Pakistan, India, China and Burma.

—W. D. WALLACE

Acting Consul General and Trade Commissioner



COMMODITY NOTES

AUSTRALIA

Uranium—Two new discoveries of uranium have been made in Australia, one in the Northern Territory and the other in South Australia. The Northern Territory find is about 190 miles south of Darwin. The ore occurs in lode form more than 200 ft. in length, and gives excellent geiger counter readings. In South Australia two American geologists have found a promising radio-active mineral field about 380 miles north of Adelaide—Sydney, September 4.

BRAZIL

Automobiles—An average of 2,500 cars per month have been entering the country through the port of Rio de Janeiro from December, 1951, to July, 1952. The bulk of these car imports are European, predominately English—Rio de Janeiro, September 10.

COLOMBIA

Auto Parts—The first modern plant for the manufacture of auto parts is being constructed in Medellin, Colombia's second city. These parts will be made for only certain makes, such as Ford, Chevrolet, Fargo and International. They will include bearings, axles, magnetos and spark plugs. Machinery to manufacture batteries has also been ordered. The owner claims to have 800 tons of steel on hand, enough for the first months of production. Furthermore he has bought up 60 old tramcars which he is going to have melted down. If this venture is successful, plans are to enlarge the plant and make automobiles—Bogotá, Sept. 10.

DENMARK

Bacon—Negotiations were concluded on August 27 between the British Ministry of Food and Danish Export Slaughteries Sales Association on a new Anglo-Danish bacon contract to replace the four-year agreement which terminated September 27, 1952. The new contract, which will be operative until October 2, 1954, obliges the U.K. to accept a minimum of 90 per cent of Denmark's bacon export surplus. During the first year of the contract the f.o.b. price will be 252/6 per cwt. (112 lb.), or about Can.\$30.50 per 100 lbs. In the second year the price may be increased or reduced to a maximum of 10 per cent by mutual agreement of the contracting parties.

The new price represents a drop of nearly 4 per cent below the former bacon price of 262/5 per cwt. for the first 110 thousand metric tons shipped. If account is taken of supplies delivered beyond this amount at 300/- per cwt., the average price for exports under the old contract was 275/- per cwt. (over 33 cents Canadian per lb.) or about 8 per cent higher than the new contract price. However, the 1951-52 agreement price was about 17 per cent higher than the previous year's and Danish agricultural circles apparently had not expected to maintain this level.

A fresh aspect of the new agreement is the reservation by the Ministry of Food of the right to delegate its duties to private trade, although it has guaranteed fulfilment of the contract—The Hague, September 15.

GREECE

Galvanized Steel Sheets—Two plants were scheduled to begin, for the first time in Greece, production of galvanized steel sheets. Their annual production is expected to reach 12 thousand metric tons, taking care of local requirements of galvanized sheets which previously were covered by imports. One of these two plants is the Sheet Steel and Tinplate Company Limited of Greece, and the other one is a new plant, "Pyrogalvanistiria", both located in the Athens area—Athens, September 10.

ISRAEL

Shoe Soles—Because of the leather shortage, accentuated by the curtailment of sole leather imports through lack of foreign exchange, the Hamegaper rubber goods factory in Haifa is to manufacture 160 thousand pairs of shoes. It will use the process of a United States firm for the soles which will be of three layers, rubber, sponge and cork. This will mean substantial savings in foreign currency as the cost of the soles will constitute about 12 per cent of the total cost of the shoes. Leather soles normally account for 40-50 per cent. Also, all waste rubber can be reprocessed—Athens, September 5.

JAPAN

Fruit—Bumper fruit crops in 1952 have been forecast by the Ministry of Agriculture and Forestry. Grapes and chestnuts are expected to be 20 per cent above the 1951 crop and apples and oranges 50 per cent. The increased yield is attributed to favourable weather and to the fact that the area under fruit cultivation has been increased by 20 per cent over the previous year—Tokyo, September 3.

TURKEY

Cereals—Following a decision of the Council of Ministers, the Ministry of Commerce and Economy has issued a communique setting the following prices for sales to the Soil Products Office: wheat, 30 kurus a kilo; rye, 21 kurus; white barley, 19 kurus; oats, 19 kurus. All prices represent increases of between one and two kurus a kilo. In the case of wheat, last year's price being 28.8 kurus to the farmer, this year's price for wheat represents U.S.\$2.92 per bushel of 60 lb.—Istanbul, September 3.

Netherlands Antilles: Potential Markets

CARACAS—The Netherlands Antilles comprise two groups of three small islands in the Caribbean Sea. The first, known as the "ABC" group, is situated some 40 miles off the Venezuelan coast and consists of Aruba (population 40,000), Bonaire (5,000), and Curaçao (100,000). The second group, located some 600 miles to the northeast, has a total population of only 4,000 and is of little commercial importance.

Curaçao and Aruba became economic assets because over 25 years ago, they were selected as refinery sites for part of the Venezuelan oil production nearby. Today tankers transport over 500 thousand barrels of crude a day to the deep-water harbours of Curaçao and Aruba for refining and reshipment to oil markets throughout the world. No oil is produced in the Netherlands Antilles but the increasing refining capacity developed to handle the rising Venezuelan oil production has brought prosperity to these islands, particularly during the last few years.

Agriculture is almost non-existent in the "ABC" islands because of the barren and rocky soil and shortage of water. There are few local industries, and accordingly the population of 160 thousand must depend almost entirely upon imports for most consumer goods and practically all foodstuffs. On the whole, the standard of living is high.

Curaçao and Aruba have ample hard currency as a result of exports of refined petroleum products to dollar countries. The tourist trade and transfer shipping tolls add to the dollar income, which is sufficient for the islands to operate without import restrictions. All this makes competition among foreign suppliers for a share of the market extremely keen and sight draft selling terms have become the usual practice. The United States, Great Britain and The Netherlands, respectively, are the dominant suppliers.

Canada's Share

During each of the past five years, the Netherlands Antilles has purchased approximately two million dollars worth of merchandise from Canada. The principal commodities bought were wheat flour, evaporated milk, rubber tires, canned salmon and sardines, lumber, newsprint, pharmaceutical products, canned meats and pickled pork. Automobile accessories, builders' hardware, codfish, liquor and paper products were also in demand.

On the other hand, Canada has been importing more than \$9 million worth of refined petroleum products from the Netherlands Antilles, leaving an unfavourable trade balance of almost \$7 million a year.

This trade gap might be lessened by a greater sales effort. Apart from crude oil transactions, total imports into the Netherlands Antilles are averaging \$85 million a year, of which Canadian firms are obtaining only about 2.5 per cent. Passengers from cruise ships and crews from freighters come ashore to do some shopping there because low import duties and government control of profits permit attractive retail prices. Shoes, shirts, purses, suits, dresses, yard goods, drugs, cosmetics and perfumes are favourite purchases by visiting shoppers.

Merchants order their requirements through local commission agents who require quality products from their principals at a price competitive with American and European quotations. Because industry is confined to petroleum refining and light mining operations, industrial machinery and equipment is not in great demand.

Personal Visits

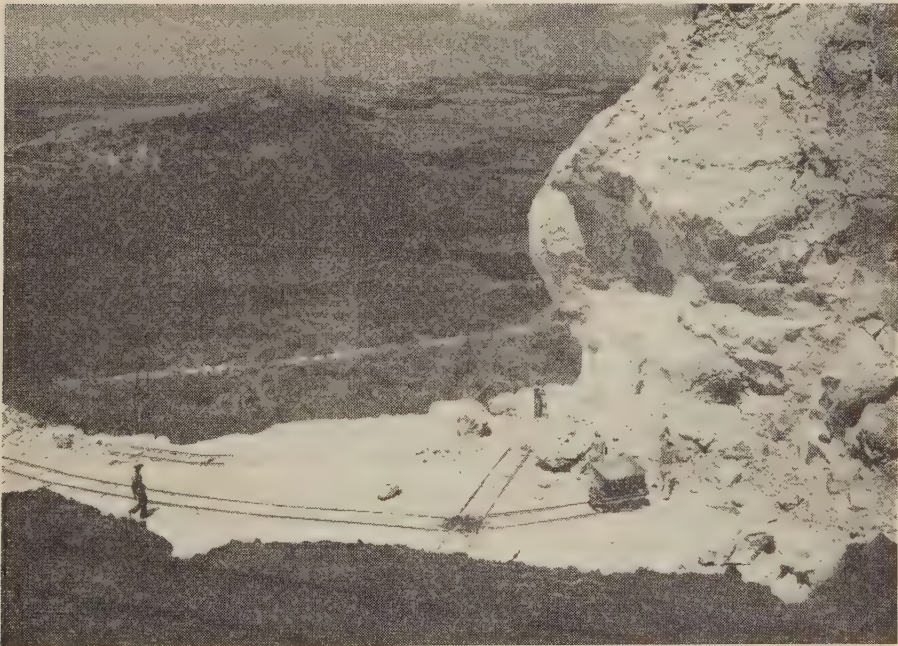
An occasional trip to this territory by exporters would assist in increasing purchases from Canada. There are no complications to business and co-operation with the appointed representative by attending to small initial orders will result in a regular and satisfactory volume of business.

There are good air and sea services between North America and Curaçao and travellers frequently stop off en route to Latin American countries. A stay of even one or two days could result in profitable business because local importers appreciate personal contacts. Curaçao and Aruba now tend to be commercially independent and most exporters appoint a separate agent for each island. Orders are solicited on a commission basis for direct import by individual purchasers, as there are few wholesalers. Practically all merchants and traders speak English and they show their appreciation of a business trip with a warm display of hospitality.

For those who cannot cultivate this market personally, the Canadian Government Trade Commissioner in Caracas, whose territory includes the Netherlands Antilles, can supply, upon request market information and a list of suitable agents.

—F. B. CLARK

*Vice-Consul of Canada and
Assistant Trade Commissioner*



—Netherlands West Indies Tourist Committee.

Phosphate of lime is one of the Curaçao's main exports, following oil products. This quarry is on the top of Table Mountain.

Stockpiling in the U.S.

WASHINGTON—The United States diverted or withdrew from stockpile during the first six months of this year substantial quantities of cobalt, copper, fluorspar, nickel, tungsten and zinc, according to the Munitions Board Report on Stockpiling just published. These materials—total value \$149 million—were diverted because of the continued scarcity of certain strategic materials.

However, the rate of diversion declined sharply towards the end of the period, indicating that such commodities as copper and zinc are becoming more readily available through normal commercial channels. Withdrawals from the stockpile are governed by Presidential Order. From January to June 1952, withdrawals totalled \$51 million, compared with approximately \$40 million during the preceding six months. Despite these diversions and withdrawals, strategic materials to the value of \$480 million were added to the stockpile, compared with \$357 million during the six months' period ending December 31, 1951.

During the first six months of 1952, \$607 million was obligated for materials against new contracts. At the same time, however, contracts to the value of \$282 million were cancelled. The resulting net obligations of \$325 million for materials were some \$246 million less than the \$571 million obligated during the last half of 1951. The Munitions Board Report states that obligations will continue to decrease because 29 out of 74 stockpile items have been completely or almost completely procured.

Deliveries Improving

Deliveries of certain materials which represent about two-thirds of the materials on the active procurement list exceed expectations during the period, but metals and minerals as a group were unsatisfactory mainly because of heavy demands for defence and essential civilian uses. Increasing deliveries towards the close of the period indicated a general easing of the supply picture for tungsten, lead, zinc, antimony and cadmium. Further improvement of deliveries to stockpile are expected during the rest of 1952.

Stockpile procurement and the administration of strategic and critical materials for the stockpile are the responsibility of the General Services Administration centralized through the Emergency Procurement Service. Procurement is carried out in accordance with directives issued by the Munitions Board setting forth materials and the amounts to be purchased.

Public Law 520 of the 79th Congress made available a total of \$5 billion for stockpile procurement and maintenance by Congress up to the end of June 1952. At that time the stockpile inventory of strategic and critical materials was valued at \$3.6 billion on the basis of current prices. Under existing contracts an additional \$1.9 billion worth of materials was scheduled for future delivery. The total of \$5.5 billion worth of materials on hand and on order compares with total stockpile objectives valued at \$7.7 billion on the basis of present market prices.

—JOHN H. ENGLISH

Commercial Counsellor for Canada



GENERAL NOTES

BELGIAN CONGO

Plan Synthetic Petroleum Industry—A Belgian group, including the well-known Union Chimique Belge, the Union Miniere du Haut-Katanga, the Geomines and the Comite Special du Katanga, is planning to start an important synthetic petroleum industry in the Congo. It would supply petrol to the Air Defence of Central Africa and to mining industries of strategic importance. The newly-discovered coal mines of Lukuga, near Albertville, would be used. A yearly production of over 100 thousand tons of products such as petrol, kerosene, and asphalt is estimated—Leopoldville, September 5.

CHILE

Fish Flour and Fish Oil Project—Chilean authorities are considering the proposal of a German corporation to establish a factory which would produce 3,000 tons of fish flour and 800 to 900 tons of fish oil annually. The new industry would have a capital equivalent of Ch.\$16 million in cash and the value of imported machinery. A number of factories are already producing these commodities, but their total production of about 5,000 tons is not sufficient for domestic consumption—Santiago, July 16.

FRANCE

Foreign Trade Tax—A general levy of 4 per cent on all import or export transactions has been instituted. The proceeds of this tax will be used to pay for retirement pensions for French agricultural labourers—Paris, September 21.

IRELAND

Wallboard from Peat Moss—Irish peat moss may become a valuable raw material for the production of a fibre insulating board which would provide a cheap substitute for imported soft wallboard, and for which there should be a natural export market. This is the view of Swedish technicians who will come to Ireland to examine the suitability of Irish peat moss for production of this unique fibre insulating board, at present in great demand in Sweden both for home and export markets.

If the requisite long-fibred peat moss is found and industrialists and builders are sufficiently interested, plans will be made for a factory requiring an initial capital of about £150 thousand. The machinery is constructed in Germany and Sweden, and the production cost of the peat fibre slab in Sweden at present is around 10d. a sq. yd.

Peat moss grows rapidly and the supply of raw material would be practically endless. The finished product would be invaluable in the building industry and the export possibilities could also be good—Dublin, September 8.

ITALY

Trade Balance—The Central Institute of Statistics announced that in the first seven months of 1952 Italian imports reached 865·6 billion lire, an increase of 9·5 per cent as compared with the same period in 1951. Exports amounted to 509·9 billion, a decrease of 12·4 per cent. During this period the excess of imports over exports was 355·7 billion, an increase of 70·9 per cent as compared with that in the first seven months of the previous year—Rome, September 20.

JAMAICA

Gas Works to Close—The Kingston municipal authority has decided to close down, at the end of 1952, the city's (coal) gas works which have been in operation since 1877 and are now obsolete and unremunerative. As a street illuminant, gas has long since been superseded by electricity. In recent years both electricity and propane have come more and more into favour with householders who can afford them for cooking, a cleaner, and a more convenient fuel than wood or kerosene. Canadian gas stoves used to be on this market, the municipal authority being the chief importer—Kingston, September 20.

JAPAN

Increase Fertilizer Output—Tentative plans drafted by the Agriculture and Forestry Ministry fix the production of chemical fertilizers at 2,359,190 metric tons in the period August 1, 1952-July 31, 1953. This is an increase of 122,044 tons over the previous year. Chemical fertilizer exports have been set at 200 thousand tons over the next twelve months—Tokyo, September 10.

PHILIPPINES

New Export Control Law—The President of the Philippines issued an executive order on August 20 implementing the new Export Control Law, approved August 14, 1952. The new order re-establishes the same rules and regulations of the old Export Control Law governing export and re-export of critical and strategic materials until December 31, 1954. The commodities are classified under three categories. Under Class A the following are banned from export: arms, ammunition, strategic metals, rubber, machinery, oils and gas, some medicines and other materials vital to Philippine security. Under Class B are listed goods that can be exported without the necessity of an export licence, provided the export control committee is informed of the quantity, nature and destination of the export. In this class are wine, sugar, lumber and agricultural products. Under Class C are listed such items as fruits, fish, abaca, copra, and coconut products, products that can be exported if duly approved by the export control committee—Manila, September 15.

TRADE AND TARIFF REGULATIONS

BERMUDA

Ham Imports Allowed—The Bermuda Supplies Commission announced on September 17 that imports of smoked regular and picnic hams will be allowed from dollar sources when present stocks are depleted.

CEYLON

Import Duties Raised—The Government of Ceylon announced in the official Gazette of September 19 the imposition of an import duty, in addition to the import duty already payable, of ten per cent of the duty. The effect of the ordinance is to enlarge by some 120 items the schedule of goods now subject to a surtax of 10 per cent of the duty. The commodities affected by the tariff amendment include:

Beer, ale and porter and all other malt liquors, gin; rum; liqueurs and cordials; and other sweetened and mixed spirits; denatured spirits; wines; cider; malt and hops; manufactured tobacco;

Unspecified aromatic chemicals and synthetic essential oils; natural essential oils; linseed oil; tallow and wax; varnishes; dyes and dyestuffs including hair dye; perfumery, cosmetics and toilet preparations and unspecified toilet requisites;

Canvas and other boots and shoes; artificial leather cloth; leather harness and saddlery; oil cloth and floor covering;

Unspecified cables, cordage, rope and twine; haberdashery and millinery; hosiery; carpets and floor rugs of wool and worsted or mixed material; broadstuffs of natural silk and unspecified silk manufactures; unspecified woollen and worsted manufactures;

Unspecified furniture and parts; unspecified manufactures of wood and timber;

Iron and steel safes; unspecified manufactures of iron and steel; refrigerators, domestic and others; brass bathroom fittings; cutlery;

Motor cars and station wagons and engines and chassis thereof; accumulators, batteries and parts for motor vehicles; dry battery cells;

Letter paper with printed or embossed headings, printed or embossed envelopes; pictures and prints; playing cards; unspecified paper and cardboard manufactures;

Gramophones, phonographs and radiograms, parts and accessories and records therefor; unspecified musical instruments; golf and tennis balls; unspecified glass and manufactures; incandescent mantles; earthenware; unspecified manufactures of stone and stoneware;

Explosives; brooms; all kinds of brushes; firearms, including air rifles, guns and pistols; live dogs and horses—Colombo, September 20.

DOMINICAN REPUBLIC

Import Permits for Fertilizers—Imports of fertilizers of all kinds into the Dominican Republic are strictly prohibited except under permit. The permit is issued to the importer by the Department of State for Agriculture, Cattle and Colonization only after the fertilizer has passed laboratory tests in that Department—Havana, September 18.

ICELAND

Import Controls Tightened—Iceland has temporarily tightened its restrictions on imports from countries with which it has not concluded commodity exchange agreements, including Canada, according to an announcement made on August 28. The new restrictions are stated to be necessary because of a disappointingly low catch of herring, on which Iceland's foreign exchange earnings greatly depend, and by the country's inability to dispose of large quantities of frozen fish packed for the European market. Iceland is therefore attempting to purchase as many goods as possible in "clearing countries" in exchange for frozen fish.

Iceland's import and exchange control system includes a "free list" of goods exempt from import licence and a "conditional free list" of articles which may be imported freely with the proceeds for exports of certain fisheries products. All other goods require import licences. However, whether or not a licence is required, no goods may be imported unless the necessary foreign exchange has been allocated in advance.

In order to facilitate the redirection of trade towards "clearing countries", it has been decided to reduce to the utmost imports of goods subject to licence. Further, the release of foreign exchange has been temporarily restricted for a number of goods on the "free list", including such items of interest to Canada as oatmeal, barrel staves and tractors. The "conditional free list" remains unchanged but importers are urged to make their purchases in the "clearing" rather than any other countries. No change in the structure of the system has taken place.

Because imports from Canada were severely restricted before as a result of Iceland's dollar shortage, it is not expected that the new measure will greatly affect Canadian exports. However, if Iceland can obtain adequate supplies of traditional Canadian items from countries with which it has negotiated bilateral agreements, imports of these articles from Canada might be reduced temporarily—London, September 18.

SOUTH AFRICA

Import Quotas for '53—The Minister of Economic Affairs has announced that preliminary allocations for import permits in 1953 are to be generally on the same level as those for 1952.

The preliminary allocation for consumer goods is to be 30 per cent of 1948 imports.

However, insofar as the requirements of secondary industries for the balance of this year and for next year are concerned, the Minister stated it was doubtful whether it would be possible to fully meet the raw materials demand of all industries unless there is a considerable decline in overseas prices. The more essential industries will receive priority and every effort will be made to supply their full requirements.

The Minister also announced that importers of machinery will be permitted to convert their quota for new machinery into a quota for

imports of spare parts at the ratio of £2 for £1, that is, £1 for machinery can be converted into £2 for the import of spare parts—Johannesburg, September 20.

UNITED STATES

Import Controls on Cheese, Dairy Products—The United States Department of Agriculture today announced details of the import controls program on cheese and dairy products for the four-month period beginning November 1.

Controls are being removed on several varieties of European cheese and quotas are being increased on certain other European cheese.

The current annual quotas of 40 million pounds for casein, 8·5 million pounds for cheddar cheese, and 3 million pounds for Blue Mold cheese remained unchanged. However, 15 per cent additional imports will be permitted for each of these products, and the additional 15 per cent of the annual quota will be included in the new authorizations for the coming four-month period which are now to be transmitted to eligible importers. The distribution which is now being made for this second quota period totals 19·33 million pounds for casein as compared with 13·33 million pounds distributed during the first period; 4·1 million pounds for cheddar cheese as compared with 2·8 million pounds during the first period; 1·45 million pounds for Blue Mold cheese as compared with one million pounds; and a proportionate increase for varieties containing or processed in whole or in part from cheddar, Blue Mold, Edam and Gouda. New authorizations are being transmitted to eligible importers who have already furnished their import history to the Department of Agriculture. Imports may be made against such authorizations immediately upon receipt or against balances remaining on initial authorizations.

The Department also announced that import prohibitions currently in effect on butter, butter oil, flaxseed, linseed oil, malted milk and compounds or mixtures of or substitutes for milk and cream, non-fat dried milk solids, peanuts, peanut oil, and rice are continued without change.

The Department stated further that before deciding on the new quotas, careful consideration was given to the need for adding new commodities to the control lists, particularly dried whole milk and dried buttermilk. Although it has been determined that no new commodities will be placed under import control at this time, the Secretary of Agriculture will continue to review the situation affecting products covered by Section 104, and will make further revisions as they become necessary—Washington, September 23.

WESTERN GERMANY

Additional Dollar Imports—Western Germany published an order dated July 31, 1952, covering a revised list of goods which may be imported from the dollar area under the dollar export scheme. This scheme, which was originally announced on March 27, 1952, is designed to promote German exports to the dollar markets by permitting the use of 40 per cent of gross dollar export and related earnings for

the importation of certain goods from the dollar area. The revised list enlarges the number of commodities which may be imported under this scheme.

The new order, it is stated, is intended to simplify the administrative procedure for the export bonus scheme by providing for the granting of import approval by the Foreign Trade Banks, without reference to the authorities, on a substantial group of commodities. Nevertheless, the majority of articles under the scheme are still subject to Government approval.

Among the items added to the list, the following may be of interest to Canada. An asterisk placed against an item means that it remains subject to official approval: raw bristles and hair; industrial tallow*; asbestos in pieces, fibres and scrap*; nickel and uranium ores*; zinc slag*; certain chemicals; certain synthetic resins; crude synthetic rubber*; hides and skins*; rags for the manufacture of polishing material; domestic electric washing machines*; parts and accessories of motor cars and tractors*; and certain industrial fish oils, also refined*.

Exporters may obtain information about individual goods on the revised list from the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa—Bonn, September 19.

A notice regarding the West German dollar export bonus system appeared in Foreign Trade of May 17, 1952, page 618—Editor.



TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. W. Fraser, formerly Commercial Counsellor for Canada in Melbourne, will complete his Canadian tour in Montreal and vicinity from Oct. 6-16.

Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

Businessmen may get in touch with this officer through the Board of Trade office in Montreal.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay, Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies Australia (Victoria, South Australia, Western Australia, Tasmania) Australia	C. M. Croft, Commercial Counsellor for Canada R. W. Blake, Acting Commercial Secretary for Canada R. W. Blake, Agricultural Secretary for Canada	City Mutual Life Building, 60 Hunter Street, SYDNEY 83 William Street, MELBOURNE 83 William Street, MELBOURNE	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boite Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	T. J. Monty, Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
Brazil Brazil	C. R. Gallow, Commercial Secretary C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO Galle Face Hotel, COLOMBO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140 <i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301 <i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876 <i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Ceylon	Paul Sykes, Canadian Government Trade Commissioner		
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO Calle 19, No. 6-39, BOGOTA	
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner		<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251 <i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> M-9839 <i>Mail:</i> Apartado 451 <i>Cable:</i> CANADIAN
Cuba	A. W. Evans, Commercial Secretary	Canadian Embassy, Avenida de las Misiones 17, HAVANA Edificio Copello, CIUDAD TRUJILLO	
Dominican Republic Haiti, Puerto Rico	R. E. Gravel, Canadian Government Trade Commissioner		
Egypt Aden, Anglo-Egyptian Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Iraq, Lebanon, Saudi Arabia, Syria	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
France Algeria, French Morocco, French West Africa, Tunisia	J. P. Manion, Commercial Counsellor for Canada	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor	Canadian Embassy, 22 Zitellmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927

Territory	Officer	City Address	Mail and Cables Office Telephone
Germany	Wm. Van Vliet, Agricultural Secretary	Canadian Embassy, 22 Zitellmannstrasse, Bonn	Mail: (City Address) Cable: CANADIAN Tel.: Bonn 38927
Greece Israel	H. W. Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., Athens	Mail: (City Address) Cable: CANADIAN Tel.: 72-853
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner	28, 5a Avenida Sud, Guatemala City	Mail: P.O. Box 400 Cable: CANADIAN Tel.: 5590
Hong Kong French Indo-China, South China, Macau, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., Hong Kong	Mail: P.O. Box 126 Cable: CANADIAN Tel.: 28336
India	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, New Delhi	Mail: P.O. Box 11 Cable: CANADIAN Tel.: 40191
India Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, Bombay	Mail: P.O. Box 886 Cable: CANADIAN Tel.: 20672
Ireland	Acting Commercial Secretary for Canada	66 Upper O'Connell St., Dublin	Mail: (City Address) Cable: CANADIAN Tel.: 44251
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South Africa (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	K. F. Noble, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangiers	E. H. Maguire, Canadian Government Trade Commissioner	70 Avenida Jose Antonio, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 21-41-13
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Switzerland Austria, Czechoslovakia, Hungary	Yves Lamontagne, Commercial Counsellor	Canadian Legation, Thunstrasse 95, BERNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 4-59-17
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United States	Dr. W. C. Hopper, Agricultural Counsellor	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON, 6, D.C.	Mail: (City Address) Cable: CANADIAN Tel.: DEcatur 1011
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United States	M. B. Bursey, Consul of Canada and Trade Commissioner (Fisheries)	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY	Mail: (City Address) Cable: CANTRACOM Tel.: JUDson 6-2400
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United States (Michigan, Ohio, western New York State)	B. C. Butler, Consul of Canada and Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, DETROIT, 26	Mail: (City Address) Cable: CANADIAN Tel.: WOODward 5-2811
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United States (Northern California, Montana, Oregon, Idaho, Washington, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Acting Consul General of Canada	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	Mail: (City Address) Cable: CANADIAN Tel.: SUTter 1-3039
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foreign trade

OCTOBER 11, 1952



OTTAWA
CANADA

Colombia . . . Rice for Export? (page 2)



Foreign Exchange Rates . . . an FT Service

At the end of July a long-standing feature, "Nominal Foreign Exchange Quotations," disappeared from our pages. Almost immediately, protests began to reach us. Readers in many types of business and in many places wrote us that they found the quotations useful and hoped we would consider publishing them again.

The disappearance, we hasten to explain, was never intended to be permanent. In this issue the table re-appears in an expanded and more useful form. It will be brought up-to-date each week, as part of "Foreign Trade's" service to the Canadian businessman.

Authorities in the Department pointed out to us that the old table was unrealistic. Usually only one rate was given, even for countries with a multiple exchange system—and even that was not always the most appropriate trading rate. The new table shows and explains the various trading rates. It includes a multiplier for converting the Canadian dollar equivalent into U.S. dollars.

Before studying the table, we suggest that you turn to page 25 and read the discussion of multiple exchange rates and their effect on trade. We add, too, a few words of caution. First, the rates given in the table are merchandise rates only. Certain countries also have non-trading rates for statistical purposes or for financial transactions. These are not shown.

Second, the multiple rates are of no value unless the user knows to which commodities they apply. For precise information on which rates apply to specific commodities, we suggest that you write to the International Trade Relations Branch of the Department.

—The Editor.



foreign trade

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Colombia

Rice for Export?

Production of rice for export has become one of the objectives of Colombian agricultural policy but cultivation problems must first be solved.

BOGOTA—Colombia could become one of the greatest producers and exporters of rice in the Americas. According to foreign experts, the extent of its fertile plains, the climate, and the abundance of water for irrigation all favour the growing of rice. But Colombia can only realize this objective by cutting costs of production through increased mechanization, by improving quality through grading, by expanding transport and distribution facilities, and by introducing better farming methods.

Colombia has, at the moment, a one-export-crop economy based on coffee. The price of coffee in world markets can spell riches or poverty. Bearing in mind the wide range of products grown in the tropical belt and in the cooler, elevated areas of the Andes, Colombia has been looking for other crops to supplement her coffee sales abroad. Commodities such as oil are already selling in international markets but, agriculturally speaking, the greatest promise seems to lie in expanding rice production.

The rice crop has more than doubled in six years—from 118,213 metric tons in 1946 to 296,805 metric tons last year. Although most divisions report rice cultivation, the greatest production takes place in the Department of Valle and Cauca on the Pacific, Huila and Tolima in the valley of the Magdalena River, and Bolivar and Cordoba facing the Caribbean. The four departments on tidewater are considered the best potential rice-exporting areas.

High Production Costs

Before Colombia can look forward to large rice exports, the industry must set its house in order. Costs of production are very high—high enough to make Colombian rice uncompetitive in world markets. There is much primitive, inefficient, manual cultivation. In other cases, although machines are employed, the use of this costly equipment must be organized to keep production costs at a reasonable level. All the machinery and practically all the hand tools and fertilizers for the industry must be imported—and Colombia has little or no control over these capital and production costs. However, internal costs can be reduced and efficient mechanization can increase production and cut unit costs. Efforts are being made to extend credit to finance the purchase of needed

equipment. Certain Canadian manufacturers of agricultural machinery are active in supplying this market with tractors, rice combines and other machinery.

Internal transport in Colombia leaves much to be desired. Most of the highways are gravel surfaced and not up to accepted standards. The railways are narrow-gauge and not particularly efficient; the rail network is frequently broken by ranges of the Andes Mountains and other natural barriers. As a result, surpluses of rice and other commodities can pile up at one point with no possibility of moving them economically to areas in need. This hampers efficient interior producers such as the Departments of Tolima and Huila in their efforts to compete effectively in world markets. Unfortunate political misunderstandings have arisen in some rice-producing areas and have affected adversely the labour supply and efficient crop production.

Quality and Grading

At present, official classification of rice in Colombia is not compulsory. Production therefore is of mixed variety and grade. Certain areas such as Tolima produce a high-quality crop but there is much more to be done before Colombia can take its place as a great exporter. Efforts are being made to zone the country according to soil, water, climate, and transport and distribution facilities. The National Federation of Rice Growers is working closely with the Government at the fine experimental farm at Palmira, Valle, to produce seeds suited to diverse areas.

Better Farming Methods

Crop rotation must be practised to a greater extent. The taking of two crops a year on the mechanized fincas and the poor and inefficient farming methods on the small manually-worked haciendas and depleting the soil and in some cases encouraging erosion. Cotton, corn, soya, potatoes and fruit (such as the melon) could be grown in rotation with rice. More work must be done on irrigation and drainage to insure adequate amounts of water at all times for healthy growth. The Department of Tolima, using irrigation, produces more quality rice on 14 thousand hectares (a hectare=2.471 acres) than the Departments of Bolivar and Cordoba, which are dependent on "dry" cultivation and capricious rainfall, can grow on thirty thousand hectares.

Imports and Exports

Colombia over the last few years has not exported much rice—in 1950, in fact, none at all. In August of this year some one thousand metric tons of Tolima white rice were contracted for and shipped to Western Germany. The year 1946 saw the biggest export—6,431 metric tons.

Imports of rice in most years outweigh exports. The winter of 1951-1952 brought the worst rice-growing weather for 15 years. To meet local demand, the national government was forced to authorize the import of 50 thousand quintals (a quintal=220.46 lb.). However, there is reason to believe that clandestine imports from neighbouring countries such as Venezuela and Brazil far surpass the authorized amount. These imports are encouraged by the high price and large domestic consumption in Colombia. The Federation of Rice Growers is working on this problem and is hopeful of government assistance in checking imports and expand-

ing exports. Recent export inquiries have been received from Canada, although little or no business has developed. Listed below are some pertinent figures on the Colombian rice picture:

	Production	Export (in metric tons)	Import
1946	118·213	6·431	467
1947	149·614	....	6·102
1948	167·769	....	1·744
1949	207·641	1·501	70
1950	241·058	....	3·750
1951	296·805	....	....

—JOHN E. LANCASTER

Assistant Canadian Government Trade Commissioner

Christmas Trees from Canada

NEW YORK—In millions of United States homes, the family gathers at Christmas time around a fir, spruce or pine tree that grew to maturity in a Canadian forest. Last year, Canada supplied approximately 25 per cent of all the Christmas trees used in the United States. In New York City, two-thirds of the trees came from Canada; Boston, Philadelphia, Detroit and Chicago were also important markets.

In what parts of Canada does this Christmas tree trade flourish? Statistics point to the forests of British Columbia, Nova Scotia, and New Brunswick as the leading producers, with Quebec and Ontario as the runners-up. Here are the production figures for the 1949-50 season:

Christmas Trees—1949-50 Season

British Columbia	1,260,000
Nova Scotia	2,187,000
New Brunswick	2,018,000
Quebec	1,949,000
Ontario	1,833,000
All others	734,000
Total	10,981,000

Canadians like Christmas trees quite as well as their U.S. neighbours do. And it's not surprising that about 3½ million of these trees went to the home market. The rest—about 7·4 million—were sold across the border and brought Canadian exporters the tidy sum of \$2·3 million. In 1951, it is estimated, about 650 thousand more trees were sold in the U.S.—bringing the total take in that year to about \$3½ million.

Exports by Provinces

	Number	Value
Nova Scotia	2,026,000	\$ 612,000
New Brunswick	1,889,000	553,000
British Columbia	1,812,000	386,000
Quebec	1,045,000	418,000
Ontario	536,000	318,000
All others	98,000	30,000
Total	7,406,000	\$2,317,000

Most U.S. buyers prefer the balsam fir, and over 50 per cent of the trees shipped are of this variety. Douglas fir (on the West Coast) and spruce come next in popularity. Scots pine, a relative newcomer in the trade, is gaining ground; nearly 60 per cent of Ontario's exports are of this species.

Duty-Free Entry

Canadian Christmas trees enter the United States duty-free; freight charges, naturally, vary with the distance which the trees must travel. Usually the trees are shipped in bundles, as follows:

Height	Trees in Bundle
12 ft. and over	1
10-12 ft.	2
7-10 ft.	3
5- 7 ft.	4
4- 5 ft.	5 or 6
4 ft. and less	10 or 12

Though negotiations for the sale of trees may begin as early as August, about one-quarter of the total volume are exported in November, and the remainder in December. Usually the sales are made directly to importers. The Canadian exporter, however, should have firm orders before starting production and should never ship on consignment.

Green and Silver

One of Canada's leading competitors in the U.S. market is the State of Minnesota. A large Christmas tree company there has found a new way of boosting its sales. From August through to December it cuts about 6,000 small Christmas trees a day and ships them to Duluth. There, in a large warehouse, 40 workers process about 20 trees a minute. The trees—mostly swamp spruce from 32 to 40 inches tall—are treated with a special green, white or silver preservative, given metal bases with a sealed-in, synthetic tree sap, and packed 12 to a paperboard container. They then go direct to wholesalers and supermarkets, or are shipped abroad. Many of these trees have gone to Central and South America and some even to the Far East. It is an idea that certain Canadian exporters might wish to adopt, as the demand for smaller trees is growing.

—A. E. BRYAN
*Deputy Consul General of Canada
and Trade Commissioner*

Tour of Territory

G. A. Cooper, Assistant Canadian Government Trade Commissioner in Guatemala, will leave shortly on a five-week tour of Panama, Costa Rica, Nicaragua, San Salvador and Honduras. Businessmen interested in these areas should write Mr. Cooper at Guatemala City.

Pakistan

Transforming the Thal

Thousands of refugee families are already finding new homes and new hope in the Thal; a vast irrigation project is making the desert fertile.

KARACHI—Sandwiched between the Jhelum and Indus Rivers in Pakistan's Punjab province is a 3,000-square-mile expanse of rolling desert known as the Thal. In the language of the country it means "barren waste". Now the barren waste is being transformed.

The idea of a vast canal system to irrigate and make fertile a large part of the soil under the sands of this area was first conceived in 1870. Work on a dam on the Indus River was actually begun in 1939, while India was still undivided. Suspended during the war, work was later resumed and the dam and several hundred miles of canals completed by the time of Partition in August 1947.

The confused and unsettled conditions in Pakistan's first year as a nation, and the lack of any administrative organization to undertake responsibility for the maintenance of the work already finished, meant that the whole system fell into disrepair.

Development Authority Set Up

In 1949 the Thal Development Authority was constituted as an agency of the Punjab Government. Since then, under the able leadership of its chairman, the canals have been cleared of silt and sand and the whole system restored and maintained. In addition, new canals are being built and more land is constantly coming under cultivation.

As one of the world's largest and most interesting land reclamation projects, Thal is one of the development projects receiving increased attention from various foreign aid programs. Under the Colombo Plan, Canada is giving a much needed and vital 300 ton-a-day cement plant to be erected in the area, near a good limestone region. We are also supplying certain agricultural equipment and machinery for an experimental livestock farm being sponsored jointly with Australia and New Zealand, and we will probably consider giving further assistance to the Thal area in ensuing years. The World Bank has loaned Pakistan \$3.2 million for farm machinery for use in the Thal area, and the United States Technical Assistance program is also turning its attention to the needs of this region.

The overall implications of this project, which may be completed by the end of 1955, are vast. According to FAO estimates, over a period of twelve years it will become a paying proposition, giving a return of 4½

per cent on its capital cost of Rs.390 million (\$114.3 million). Of this, Rs.150 million (\$44.0 million) represents the cost of the irrigation scheme, Rs.160 million (\$46.9 million) colonization, and the remainder, roads. The national wealth of Pakistan should be increased by Rs.80 million (\$23.5 million) a year, through agricultural crops which will be raised in this area.

A glance at some of the objectives of the Thal development project will give some idea of its vast scope. A total of approximately 1.8 million acres will be reclaimed from the desert. Of this, 660 thousand acres will be brought under cultivation and used to settle 44 thousand families on farms of 15 acres each; 400 thousand acres will be planted with trees; and, on the remaining 740 thousand acres of unproductive land, marketing and industrial centres will be established to settle at least another 10 thousand families. Water to make this development possible will come from the Kalabagh dam on the Indus, through 3,300 miles of canals and 26,400 miles of minor irrigation ditches. The annual crop from this reclaimed land should total 13.7 million bushels of wheat, 135 thousand bales (54 million lb.) of cotton, and substantial amounts of sugar cane and other food crops.

Thousands of Villages Planned

With the proposed construction of eleven townships and about a thousand villages, the Thal will become one of the most thickly populated parts of Pakistan. Seven hundred miles of good macadamized roads will serve the area.

Among the industrial enterprises planned are a woollen mill, four cotton mills, a sugar factory, and a fertilizer plant. Power for these industries and for other uses will come from the Mianwali hydro-electric plant, using water from the Indus River.



This bleak desert land will one day know the shade of many trees. A 50-acre forest in each village is one of the Thal Development projects; here workers lay out a plantation.

Steady progress is being made towards achieving these targets. Already 350 thousand acres are under cultivation and as many as 11 thousand refugee families have been settled in the Thal. Model towns are being constructed; tractors and other mechanized equipment acquired and put to good use. Mechanical workshops to keep this equipment in repair are being set up. Over 400 miles of roads have been completed and remarkable progress made on the canals and other channels of the irrigation system.

Of the Rs.390 million (\$114.3 million) earmarked for colonization, irrigation, and road-building, about half has already been spent.

The conquest of the Thal desert should bring comparative prosperity to the farmers and refugees who will inhabit the area. It also will stand as a landmark in Pakistan's agricultural and economic progress.

—A. P. BISSENET

Commercial Secretary for Canada



TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

F. W. Fraser, formerly Commercial Counsellor for Canada in Melbourne, will complete his Canadian tour in Montreal and vicinity from Oct. 6-16.

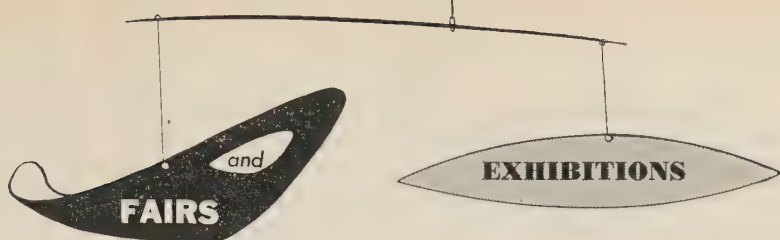
Mr. Fraser will become Commercial Counsellor in Stockholm at the end of the year.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, will begin a tour of Canada in Vancouver on November 19. His itinerary follows:

Vancouver—Nov. 19-22
Toronto—Nov. 24-29

Montreal—Dec. 1-6
Ottawa—Dec. 8-11

Businessmen may get in touch with these officers through the Board of Trade in Montreal and Toronto, and the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.) and Vancouver (355 Burrard St.).



All Space Taken

All available space now allotted . . . is the latest report from the International Cycle and Motor Cycle Show, November 15-22 at Earls Court. One hundred and sixty-one manufacturers of bicycles, motor cycles, components and accessories will be exhibiting. Full information about this show can be obtained from the Press Officer, Hastings House, 10 Norfolk Street, London, W.C.2.

Foods from Canada

The visitor who drops in at the Canadian Showroom, Rockefeller Center, New York, any time after October 15th may feel that he has, by some mistake, strayed into a small but first class supermarket. Around him he will see tempting displays of foods—fresh, canned, frozen, smoked, and even pickled. Crockets of maple butter, smoked hams and bacon, cheeses, canned lobster, and many other products which the supermarket stocks will be on show.

Lending colour and a distinctively Canadian note to the display will be several large sheaves of wheat, houses moulded out of maple sugar, flue-cured, Ontario-grown leaf tobacco, and cereal and forage crop seeds in Ricker mounts. Careful study of the exhibit, designed by the Canadian Government Exhibition Commission, will give visitors a picture of the range and variety of food products and agricultural commodities that Canada produces.

Assembling this particular exhibit—the sixth to go into the Showroom this year—posed some special problems. Fundamentally, the procedure was the same as for the other shows. The Department of Trade and Commerce, which sponsors the Canadian Showroom, dispatched to the industries concerned an invitation to send samples to the Exhibition Commission to be included in the display. (The only cost to the individual company, incidentally, is the shipping charges to and from the Exhibition Commission's offices in Ottawa.)

Canners, food processors, meat packers, fish packers, producers of frozen foods and of dairy products, tobacco growers, brewers and distillers—all responded to this invitation. Then a problem arose. It is simple enough to dispatch to New York and to display canned fruit, canned vegetables, jams, macaroni or bottles of maple syrup. Fresh and frozen foods are another matter. This hurdle was overcome by asking New York agents of Canadian exporters to provide the proper refrigerated cabinets and to change certain displays (perishable meats, for example) once a week. The exhibit will be open until the end of the year.

Some of the products on show are being selected to appeal to the United States consumer—granulated maple sugar, canned fish specialties, and Canadian cheddar cheese, for example. Others are being chosen with an eye to the Latin American market; purchasing missions from many Latin American countries maintain offices in New York. Thus, though a dozen meat canners in Canada will combine to show the full range of their production, the emphasis will be on canned hams, popular in the South American market.

Dairy products on show will include poultry and eggs; cheddar cheese in smaller packs of five and ten pounds each; canned, powdered, and evaporated milk, and various milk preparations.

For the fish section, the fishing industry from coast to coast was canvassed. Various processors came through with samples of fresh and frozen fillets; canned fish and shellfish; dried, salted, smoked and pickled fish, and various special products.

Rounding out the exhibit will be samples of flue-cured leaf tobacco, a maple syrup and sugar display, and an exhibit of Canadian beer and alcoholic beverages.

Trade inquiries received as a result of the exhibit will go to the Deputy Consul General of Canada and Trade Commissioner in New York, who will put the inquirer in touch with the Canadian producer.



Canadian Knitwear was featured in the Canadian Showroom, Rockefeller Center, New York from September 16 to October 9, and this is part of the exhibit. Some 50 manufacturers, with the co-operation of the Canadian Woollen and Knit Goods Association, displayed their wares—sweaters, knitted suits, sports wear, gloves, scarves, etc. The show drew an appreciative and interested audience.

Israel's Metal Industry

ATHENS—Israel's metal industry is undergoing a rapid and fundamental change. Beginning as a producer of consumer goods, it is now turning more and more to the primary and secondary stages of production. In 1950, it employed some 20 thousand wage-earners whose gross output exceeded I£30 million* in value.

Production of the foundries in 1950 exceeded 5,000 tons, about 30 per cent short of the target set in the Four-Year Development Plan. The 1951 output was expected to reach 8,000 tons.

Production of industrial machinery and implements, though modern plant equipment is still scarce, reached over I£3 million in value in 1950. The two plants for wire drawing produced 6,000 tons and, in turn, supplied the raw material for the local nail and wire-netting factories.

In the non-ferrous branch of the metal industry, Israel so far has no producers of raw materials. There are, however, plants turning out semi-manufactures such as copper and copper alloys, sheets, strips, tubes, rods, etc. The one extrusion plant in Israel produces copper bars and pipes, aluminum window frames, profiles, and irrigation pipes up to 2½ inches. The annual production capacity in two shifts amounts to 900 tons of semi-manufactures of aluminum base alloys, or 3,000 tons of semi-manufactures of copper and copper alloys.

The turn-out of finished non-ferrous articles comprises a large variety of products such as bath stoves and water stoves, domestic cooking stoves, lamps, locks, cutlery, and art and handicraft objects.

Annual consumption of copper and copper alloys in the manufacture of finished articles reached 120 tons in 1949 and 1950. Total consumption of non-ferrous metals included some 3,200 tons of aluminum, 3,500 tons of copper, 900 tons of lead, and 1,600 tons of lime.

A series of new plants is needed to produce iron and pig from native or imported ores, which can later be refined for use in steel foundries and rolling mills. A steel foundry producing steel castings of parts of machinery is required; so are gray iron foundries for casting machinery and machine tools. In addition, an integrated non-ferrous metals plants for processing copper and aluminum and a lead rolling and extrusion mill are urgently needed.

Production of producer goods and equipment should be increased by the establishment of factories turning out tools and dies of machine tools; gears, files and rasps; drop forgings, etc. Plants for fabricating structural steel and assembly plants for tractors and heavy agricultural machinery, etc., should have a high priority in any expansion program.

The well-informed believe that there is scope in the metal industry for the establishment of more than 50 new enterprises, with an investment of about \$30 million. An additional sum is needed to enlarge, re-equip and modernize a number of existing undertakings. It is estimated that these investments could save Israel between \$10-\$15 million a year.

—T. J. MONTY
Commercial Secretary

* During this period, I£1 equalled U.S. \$2.80.



COMMODITY NOTES

ARGENTINA

Plywood Grading—The Argentine National Forestry Board has issued new regulations which establish grades and qualities for pressboard and plywood. The regulations now require the stamping of the grade, quality, trade mark and type of wood used on each board produced—Buenos Aires, September 4.

BELGIAN CONGO

New Brewery—The firm "Bracongo" (Brasserie du Bas-Congo) is installing a new brewery in Leopoldville. This firm, with head office in Brussels, is a newly-formed company and has a capital of 130 million Belgian Congo francs. Its main activity is the establishment of breweries and other similar factories in Africa. According to well informed sources they also intend to build a brewery in Matadi, including a large refrigerating plant—Leopoldville, September 15.

BRAZIL

Carnauba Wax—Exports of carnauba wax dropped from 12,758 tons in 1950 to 9,579 tons in 1951. The decline is partially due to the reluctance of United States buyers to import carnauba wax at the high prices currently maintained by the Brazilian Government—Rio de Janeiro, September 10.

JAPAN

Barley—Preliminary negotiations have been held in Tokyo for imports of Australian barley under a three-year contract. It is reported that the Japanese Government plans to buy 50 per cent of Australia's barley exports for the next three year—Tokyo, September 3.

MEXICO

Oil—At a time when production figures of the nationalized oil industry were increasing very slowly, and lagging so far behind domestic requirements that imports of refined gasoline were valued at more than \$14 million a year, the discovery of an important new oilfield at Tenixtepec in the State of Veracruz has been greeted with delight in the national press.

Petroleos Mexicanos completed the first well on the Tenixtepec field in June and found gas under high pressure at 1,400 metres. Tenixtepec No. 2, only 500 metres distant from Tenixtepec No. 1, is

conservatively estimated to be ready to produce 5,000 barrels of oil daily. Brought in at a depth of 1,596 metres, it is being compared in importance with the discovery of the Poza Rica field in 1931 and with three other major producing wells that were drilled by foreign companies in the 1920's.

By discovering the Tenixtepec field, Petroleos Mexicanos believe that they have tapped a continuation of the "Faja de Oro" (Golden Belt) which enabled foreign companies to set up production records before the industry was nationalized in 1938. Mexican production of petroleum averaged 6,550,000 barrels a month during the first five months of this year, compared with an average of 6,450,000 barrels during 1951—Mexico, D.F., September 20.

NETHERLANDS

Bulbs—Netherlands bulb exports in the first half of 1952 exceeded 5 million kgs, valued at 17 million guilders (Can.\$4.3 million), a substantial increase over exports in the same period last year when 4.3 million kgs, worth 13.6 million guilders (Can.\$3.4 million) were shipped abroad. Of the 1952 shipments the United Kingdom took the largest quantity but exports to the United States topped the list in value. France, West Germany and Italy followed as major purchasers.

Exports to Canada from January to June, 1952, increased to 109,001 kgs, valued at 339,690 guilders (Can.\$85,997) from last year's 58,277 kgs, valued at 277,597 guilders (Can.\$70,278). This does not provide a true picture of Canadian bulb purchases because imports normally take place in the second half of the year. In 1951 Canada was Holland's fifth best bulb market after the U.K., U.S., France and Belgium, when Canadian imports totalled 1.6 million kgs, worth four million guilders (Can.\$1 million)—The Hague, September 21.

SOUTH AFRICA

High Tensile Wire—The Citrus Fruit Board estimates that a saving of nearly £20 thousand in foreign exchange will be made when more than 40 million feet of high tensile wire is supplied to the South African citrus industry this year by a newly established industry. Up to now, wire of the required specifications could not be obtained in the Union in the quantity needed and had to be imported. A special allocation of steel was granted to the manufacturers on condition that the wire requirements of the citrus industry be met. The wire is required for binding between four and five million boxes of fruit for export each year—Johannesburg, September 10.

SPAIN

Cellulose Acetate—A new cellulose and textile fibre factory has been opened at San Celoni, Barcelona. The plant is already producing 4,000 kilos a day in this preliminary stage and output will be increased later to 6,000 kilos. This plant is the first of its kind to be built in Spain. The cellulose to be manufactured later on will be used as a raw material not only by the textile industry, but also in the manufacture of insulating material for electrical appliances—Madrid, September 6.

Sweden

The Trend in Export Trade

Sales of pulp and paper products in foreign markets fell off in the first six months of '52; iron ore exports rose; engineering products held up well.

STOCKHOLM—During the first six months of 1952 there has been a gradual decline in some of Sweden's most important exports with the deterioration most marked in pulp and paper products. The following table, covering products that account for about 80 per cent of Sweden's total exports, shows the trend:

Exports	Six Months 1951 (in million kronor)	Six Months 1952	Per Cent of Total Export Value	
			1951	1952
Ores	243	415	6	10
Wood products	333	421	8	10
Pulp	1,207	988	30	23
Paper	468	413	12	10
Steel, etc.	309	384	8	10
Machines	412	550	10	13
Automobiles, etc.	44	88	..	..
Ships	165	177	..	..
Total	4,001	4,238		

Record Iron Ore Exports

Lately exports of iron ore have reached a record. In the first six months, they rose from 6·04 to 7·14 million tons, and the value increased from 214 to 377 million kronor, largely because the average price for exported iron ore jumped from 35½ kronor to almost 53 kronor per ton. (The price for June was 61 kronor per ton.)

On the other hand, the export of cellulose decreased from 903 thousand to 629 thousand tons, and the value from 1,125 to 917 million kronor. The average price per ton for cellulose during the first half-year rose from approximately 1,245 to 1,460 kronor, because at the beginning of 1951 the higher prices were not yet current and during the first quarter of 1952 record prices were still possible. The average price per ton for cellulose exports in June 1952 was Kr.1,150 as compared with Kr.1,530 in June 1951. It is expected that this price will fall further during the second half of the year. (The net f.o.b. export price for kraft pulp has already gone down to about 600 kr. a ton.) Even if there is some recovery towards the end of the year, the average export price will probably not



Sweden's iron ore exports have risen to a record figure in the past six months. Ore from these open-cast fields of Kiruna-Malmberget, above the Arctic Circle, have a very high iron content.

exceed 800 kronor per ton. Against the record export of 262 thousand tons during June 1951, only 78 thousand tons were exported in June of this year.

Exports of other pulp and paper products have also fallen, as the table shows:

Product	Exports in Tons First Six Months '51	Exports in Tons First Six Months '52
Paper	351 thousand	274 thousand
Dissolving pulp	190 "	170 "
Paper pulp	713 "	495 "
Newsprint	102 "	100 "
Kraft paper	128 "	101 "
Wood fibre board	86 "	50 "

The export of wood products decreased moderately during the first half year—from 251 thousand to 227 thousand standards. The average price earlier this year was slightly over 1,200 kronor per standard, but during June decreased to approximately 1,150 kronor. (These figures apply only to sawn wood products and do not include planed products.) For the first half year the export of matches increased from 9,400 to 10 thousand tons although for the month of June there was a 1,100 ton decrease.

The export of quality steel, including castings and blanks, from April first on was lower than for the same period last year. Export of com-

mercial iron and steel only, during the first half year, decreased from 75 thousand to 71 thousand tons. The average price of other products in this category, in which prices fluctuate considerably, rose from 1,900 kronor to approximately 2,600 kronor a ton.

Manufactured Products

The export of ball and roller bearings increased from 63 to 65 million kronor, although the quantity exported decreased from 5,467 to 5,101 tons. The average value per kilogram went from about 11·50 kronor to 12·80 kronor but this includes thousands of different price groups. Telephone and telegram apparatus rose from 28 to 41 million kronor. Export of milk-skimming machines went down from about 15 to 13 million kronor, but the Separator Company's other milking machines, and centrifuges, showed a fairly large increase.

The exports of the Swedish General Electric Co. are included under several headings, some of which increased. The same applies to the groups of products including Electrolux exports. Typewriters and office machinery increased from about 23 to 32 million kronor. The export of automobiles and cycles, the group of products which includes exports of Atlas Diesel Co., showed a large increase, particularly for pneumatic machines and drills. Exports of arms and ammunition decreased from 35 to 31 million kronor.

Outlook for Forest Industries

It is interesting to note that during the first half of 1950, forest products represented about 40 per cent of total exports. In 1951 this figure was 52 per cent and for 1952, 44 per cent. This is still relatively high and corresponds approximately to the kronor value of exports for the whole year 1949-50. However, a further deterioration is feared, though some quarters forecast a recovery towards the end of the year. The forest industry's exports during the first six months of 1950, '51 and '52 were valued at 1·0, 2·1 and 1·9 billion kronor respectively. The decrease of 200 million kronor for 1952 as compared with 1951 appears moderate, but during the first half of 1951, the high prices for cellulose, paper and wood products had not yet made themselves felt and during the first quarter of 1952 exports could still be made at almost record prices. For the whole of 1951, exports reached five billion kronor; for the whole of 1952, this figure may be only three billion. Even if there is a continued boom in ore exports, this will not compensate for the decreased income from forest products exports.

Future Prospects

Sweden's exports are declining in value faster than her imports can be controlled. The discrepancy is most marked in Sweden's trade with the United States; trade with Canada is more or less in balance. Stricter import restrictions on goods originating in Canada and the United States can be expected in 1953, accompanied by greater efforts to encourage manufacturers to export to Canada and the United States.

—KENNETH G. RAMSAY

Acting Commercial Secretary for Canada



GENERAL NOTES

AUSTRALIA

Bank Interest Rates Raised—The Commonwealth Bank has announced that it will increase its standard overdraft rate to $4\frac{3}{4}$ per cent a year, an increase of $\frac{1}{2}$ per cent from August 1st. Private trading banks will also raise interest rates on overdraft from $4\frac{1}{2}$ per cent to 5 per cent. This change is made possible by the revocation of regulations whereby the Commonwealth Bank fixes rates of interest to be charged by the trading banks. The raises are made necessary by the fact that the yield on Government securities and semi-government loans has increased appreciably, and this move brings the rates more in line with market rates—Sydney, September 6.

CEYLON

Balancing Trade with Canada—In line with the overall trend in Ceylon's foreign trade for January-June, 1952, imports from Canada increased from Rs.5.2 million in 1951 to Rs.23.4 million in the same months of this year. Simultaneously, Ceylon's exports to Canada declined from Rs.45 million to Rs.35.1 million. At this rate, Canada assumes a position among Ceylon's overseas suppliers of considerably more importance than usual and it is notable that there is a much better balance in the trade between the two countries than is normally the case. In many years the ratio between Ceylon's exports to and imports from Canada has been as high as three or four to one. Practically all imports of any importance have shown increases over 1951. Substantially increased values have been reported for flour, fish, lumber, agricultural machinery, newsprint and other papers, motor vehicles and parts, batteries, tires and clocks and watches. The only instance of a notable decrease was for milk foods. In the case of Ceylon's exports to Canada, the tea trade has been maintained at an even level and there was some increase in shipments of desiccated coconut. On the other hand, exports of rubber and coconut oil declined badly—Colombo, September 5.

COLOMBIA

Aluminum Plant—According to a usually reliable press source, an agreement has been signed between a group of Medellin (Colombia's second city) industrialists and the Reynolds Metal Company of the United States to build a plant for the lamination of aluminum. At the start, the Reynolds Company is to supply five million pesos in the form of machinery while the Colombians will provide an equal amount in cash, making an initial capital outlay of ten million pesos, which it is expected will be increased to 15 million in two years. It

is claimed that this will be the first industry of its kind to be established in Latin America. Production is expected to begin in the summer of 1953—Bogotá, September 3.

IRELAND

Meat and Bone Meat Factory—A new factory for the manufacture of meat and bone meal is to be established at Passage West, Co. Cork, within the next six months. This private enterprise was registered in July 1952 with a nominal capital of £60 thousand. The total outlay on the factory is estimated at £35 thousand and it will employ about 20 workers. The raw materials will be obtained from Cork meat factories and, because of the shortage of animal proteins in the Republic, it is anticipated the entire output will be absorbed by local farmers—Dublin, September 17.

PAKISTAN

Favourable Trade Balance—For the first half of 1952 official Pakistan trade statistics show a favourable balance of sea-borne trade for private account with the rest of the world of 2.1 million rupees, (approximately \$700 thousand). The total sea-borne imports for the first half of 1952 were 961.8 million rupees (approximately \$320.6 million), against 963.9 million rupees for exports (approximately \$321.3 million)—Karachi, September 7.

SCOTLAND

New Food Factories—A Barrhead firm of food processors propose to establish food factories in south-west Scotland, and as a first step have bought 45 acres in Ayrshire. The project is being supported by the Ayr County Council. Full development will take about 20 years. The organization will process agricultural and fishery products, including canning, bottling, quick-freezing, curing and open-pack manufacture. They will also manufacture animal feeding stuffs, pet foods, foam compounds and pharmaceutical products from the by-products of the livestock industry—London, September 27.

SOUTHERN RHODESIA

Record Imports—Southern Rhodesia's imports last year reached the record value of £85.7 million, an increase of £26.9 million (46 per cent) on the 1950 figure. Exports were valued at £51.8 million—an increase of £3.5 million over the previous year—but the volume was 15 per cent lower. The poor tobacco crop was the main factor which depressed the volume of exports—Johannesburg, September 15.

THAILAND

Plan Increased Rice Production—Thailand hopes to increase rice production from 1.6 million tons to 3 million tons over the next five years by modernizing agricultural methods, using higher yielding grain, and other technical assistance. Since Burma and Indo-China have been unable to bring production up to prewar levels and since consumption has increased appreciably, a serious shortage of rice has developed in Asia. It is hoped a steady increase in Thailand's annual rice crop will help to relieve the shortage—Singapore, September 8.

Italian Handicrafts

ROME—Italy has developed and recognized the importance of her handicraft industries since the Middle Ages and the beginning of the Renaissance, when the handicraft guilds were instituted in Florence and Venice, and Italian artisans and their creations were sought after the world over. Even in those days, when menial work was so greatly despised, a special dignity was attained by the “maestri” in the various handicraft fields who had their “bottega” and their apprentices after the style of the famous sculptors, and in many cases were not far behind them in their ability to express beauty in form and colour.

The handicraft industries thrive throughout Italy and each section of the country has its own specialty—the embroideries and puppets of Sicily, the glass of Murano, the rugs and carpets of Puglia and Sardinia, the wooden sculptures of the Alpine valleys, the inlaid wooden work of Sorrento, the corals and cameos of Naples, the lace of Burano and Liguria, the leather work of Florence, the filigree of Abruzzi and Sardinia, the straw work of Leghorn, the ironwork of Sienna, the mosaics of Rome, the ceramics of Umbria, the goldsmiths’ and silversmiths’ work, the toys and the furniture.

Such a large and highly developed industry, with all its possibilities for domestic and export trade, was bound to interest the Government. In fact, the Ministry of Industry and Commerce has a Handicrafts and Small Industries Branch with divisions covering professional schooling; technical problems relating to production, plants, and distribution of raw materials; commercial activities, fairs and exhibitions; financial concessions, taxation provisions; and an office for general matters and legislation.

ENAPI Promotes and Develops

A special technical body designed to promote and develop the handicraft and small industries in Italy was formed in 1925 and three years later its bylaws were approved by Royal Decree. It is called the ENAPI—Ente Nazionale per l’Artigianato e le Piccole Industrie (Handicraft and Small Industries National Administration)—and is an independent body under the supervision of the Ministry of Industry and Commerce. Summarized, the purposes of this organization are:

- To promote relations between handicraft and small industries and dealers and agents, both in Italy and abroad; to assist in the economic and technical development of workshops; to make and set up stands for handicraft and small industry products at fairs and exhibitions both in Italy and abroad, and to defray the greater part of the expenses connected with such exhibits; to maintain permanent sample showrooms in Italy where Italian and foreign buyers can become acquainted with the full range of Italian handicraft production; to study market conditions and supply commercial information.

- To assist in instituting handicraft schools and workshops and to organize special handicraft courses; to deal with patents, trademarks, etc.; to give technical information.

- To improve and develop production and help to maintain the local character of the products; to organize competitions for new products; to publish booklets on the decorative arts.

ENAPI itself was unable to continue after 1944 because of the situation in Italy at that time and the lack of funds. But somehow the organization managed to survive and on July 1, 1950, having arranged that the Government's annual contribution to its funds be brought more or less into line with prevailing conditions, it resumed its activities. This government contribution (lire 60 million a year) constitutes almost the whole of the funds at ENAPI's disposal. All its services are free of charge.

The report for the year 1950 shows that during that year ENAPI participated in seven fairs and exhibitions, among which are the Canadian International Trade Fair in Toronto, the Milan Fair and the Chicago Fair; subsidized nine workshops; contributed, in various ways, to the setting up of three handicraft schools and workshops; promoted, financed and organized 11 handicraft courses.

Permanent showrooms for handicraft and small industries were established in Florence (Via dell'Oriuolo 43) in 1930. The purpose of these showrooms is to offer Italian and foreign dealers an up-to-date view of all Italian handicraft and small industries production. They are open only to businessmen and orders may be sent directly to producers or through ENAPI.

ENAPI has 18 offices throughout Italy in the various production centres. Its register of handicraft and small industries at the end of 1950 included 9,811 firms. The address of ENAPI is Via della Consulta 50, Rome.

Another organization, which originally emanated from ENAPI but is now independent, is the Ente Autonomo Artigianato Mostra Mercato (Crafts Exhibition and Fair) of Piazza della Libertà, Florence. Its purpose is to organize a yearly exhibit of handicraft products in Florence. While participation in this exhibit is also open to foreign firms, the number of foreign exhibitors is very limited and it must therefore be regarded as a national show.

There are also various Confederations for handicraft and small industries with head offices in Rome, all independent and with the character of Trade Unions: These are:

For handicrafts

Confederazione Italiana dell'Artigianato, Piazza S. Silvestro 13, Rome.

Confederazione Generale dell'Artigianato Italiano, Via del Plebiscito 102, Rome.

Confederazione Nazionale dell'Artigianato, Via del Bufalo 126, Rome.

Centro Nazionale dell'Artigianato, Via dell'Umiltà 36, Rome.

For small industries

Confederazione Nazionale della Piccola Industria, Largo Tassoni 323, Rome.

Comitato Nazionale Piccole Industrie, c/o Confederazione Generale dell'Industria, Piazza Venezia 11, Rome.

These confederations operate on the subscriptions of their members and have offices in most cities and towns.

—MARIA D'AMICO JOHNSON
Office of the Commercial Counsellor for Canada

TRADE AND TARIFF REGULATIONS

ARGENTINA

Exchange Rates for Meat Exports—The following modifications have been announced in recent weeks on the rates at which exchange accruing from certain exports may be negotiated.

Cured or salt beef has been changed from the "preferential" rate of 7.50 pesos to the U.S. dollar to 50 per cent of the exchange being converted at that rate, and the remaining 50 per cent of the "free" market rate which oscillates around 14.00 pesos. Canned meats and canned poultry, formerly in the "preferential" group, have been moved to the "free" market category, and bones and bone meal have been transferred from the "basic" rate of 5.00 pesos to the dollar to the "free" market rate.

The exchange rate on the export of fresh meat remains unchanged at 5.00 pesos to the U.S. dollar—Buenos Aires, September 22.

CAYMAN ISLANDS

Customs Exemptions for Cannery Materials—The Government of the Cayman Islands (political dependency of Jamaica) has passed a law which exempts from import duty and tonnage tax a number of items imported into the Islands for use in a recently-built cannery. The items include, among others, cartons, labels, flour, rubber hose, spare parts for machinery, and timber—Kingston, September 29.

CEYLON

Intensified Import Controls—The Ceylon authorities yesterday announced new restrictions on imports from non-sterling sources designed to save some Rs.75 million (about Can.\$15 million) in the import control year ending June 30, 1953.

Imports from dollar countries of beer, whisky, passenger motor cars, and some other goods of a luxury type, already subject to individual import licence, will be further curtailed, and a few additional items brought under individual licence. This action supplements the transfer on August 25 from Open General Licence to individual licence of some nineteen commodities from dollar sources, including various textile goods, gloves (other than rubber), wireless apparatus, and refrigerators. (See *Foreign Trade*, September 13, page 23.)

From September 23, a group of goods comprising mainly beer, whisky, textile goods, clocks and watches, and passenger motor cars, formerly under Open General Licence from non-dollar countries, became subject to individual licence when imported from countries in the European Payments Union (Austria, Belgium, Luxembourg, Denmark, France, Iceland, Western Germany, Greece, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey) or Japan.

From the same date, margarine, refined edible oils and fats, and animal lard, formerly under Open General Licence from all countries (except Australia), became subject to individual licence.

It is stated that this is a further step to correcting a downward trend in the country's financial position resulting from reduced revenues from exports, notably rubber, and increased imports following relaxations in import controls in mid-1951—Ceylon, September 25.

CUBA

Stamp Tax on Documents—By a decree published April 25, a stamp costing 20 cents U.S. must be affixed to all visas, certificates, affidavits, and any other documents or attestations issued by Cuban consuls. The Cuban Director General of Customs has instructed customs officials in Cuba to refuse acceptance of any such documents which lack this stamp—Havana, September 23.

FRANCE

Tax on Imports and Exports—On July 10 the French Government instituted a tax amounting to 0.4 per cent ad valorem on all imports into France and on all exports from France, effective on August 6, 1952. The revenue from this tax has been allocated to the national fund set up to provide old age pensions for agricultural workers. This tax does not apply in Algeria or in the Overseas Department of French Guiana, Guadeloupe, Martinique and Reunion. No tax will be levied on amounts of less than 1,000 francs—Paris, September 21.

(This note corrects the General Note of the October 4 issue of *Foreign Trade* referring to a "Foreign Trade Tax" of 4 per cent on all import or export transactions—Editor.)

GREECE

Machinery and Equipment Duty—New Greek industries to be established outside the Athens-Piraeus area may import machinery, equipment and parts at one-half of the established customs duties, dues and taxes payable, according to a decree-law promulgated on August 6, 1952. The same concession is granted for a five-year period to existing industries outside the capital area on similar imports for replacement of obsolete plants, or for extending their installations.

The alleged purpose of these regulations is to encourage industry to spread over the whole country. Sixty per cent of Greek industrial undertakings are now concentrated in the Athens-Piraeus area.

Other measures taken in order to achieve the desired decentralization include an embargo on new industries in the capital area for five years, preference in government purchases to items produced in the provinces, and a provision for reductions in sales tax for provincial manufacturing concerns—Athens, September 24.

HAITI

Trade Agreement with France—A new trade agreement between France and Haiti was signed in Port-au-Prince on July 12 and came into force provisionally on that date, pending ratification. The agreement is valid for six years and is renewable automatically for successive one-year periods.

Provision is made for tariff concessions by Haiti on a number of specified items, including cosmetics, perfumes, wines and liqueurs, silk cloth and clothing, and certain food specialties. Substantial tariff reductions are accorded by Haiti on the scheduled items.

In exchange, the French government has undertaken to grant licences for the purchase from Haiti of up to 4,000 tons of coffee each year. It has also agreed to authorize dollar exchange purchases on the official market to pay for these coffee imports.

The agreement further provides for the liquidation of the Haitian-French financial account arising out of the Convention of 1938. Certain facilities for the encouragement of French imports from Haiti are also envisaged.

While the tariff reductions granted by Haiti under this agreement are in most cases of limited interest to Canadian exporters, the new Haitian rates of duty apply automatically to like goods of Canadian origin by virtue of the General Agreement on Tariffs and Trade, to which both Canada and Haiti subscribe. Details on these tariff reductions can be obtained from the International Trade Relations Branch.

PHILIPPINES

Exchange Law Amended—Since March 29, 1951, the Philippine Government has levied a special excise tax of 17 per cent of the peso value of foreign exchange sold. This tax did not apply to exchange sold for certain specified remittances. Furthermore, under conditions outlined in the original law, refunds could be applied for when foreign exchange was used to pay for imports of certain enumerated commodities.

On July 15, 1952, the law covering this exchange tax was amended. Briefly, the amended law provides for a continuation of the 17 per cent exchange tax until June 30, 1953, with the tax dropping to 12½ per cent from July 1 to December 31, 1953. Also, the system of tax refunds has been abolished. In future this tax *will not be levied* on a list which corresponds closely to the list of items previously entitled to refunds. Included in this list are such items as rice, flour, canned milk, cattle, beef, canned fish, butterfat, chocolate, malt, industrial starch, tapioca, vitamin concentrate, fertilizers, poultry feed, newsprint, book paper, book cloth, chip board, anaesthetics, antibiotics, certain drugs and medicines, and agricultural machinery and parts—Manila, September 26.

TURKS AND CAICOS ISLANDS

Surtax Imposed—The Government of the Turks and Caicos Islands have imposed a surcharge, to be effective from June 7 to March 31, 1953, of 2½ per cent ad valorem on foodstuffs, beverages and tobacco; and of 5 per cent ad valorem on all other goods imported into that political dependency of Jamaica.

This surcharge is levied on the cost of the goods at the place of shipment plus import duty and tonnage tax, but exclusive of shipping and any other related charges.

The Act stipulates that the surcharge is not to be passed on to consumers—Kingston, September 29.

UNITED STATES

Customs Rule on Classification Change—The United States Customs state, in T.D. 53093 of the Weekly Treasury Decisions of September 4, 1952, that, heretofore, whenever it has been necessary to issue an administrative ruling imposing a higher rate of duty or charge on an imported article than was assessed under an established and uniform practice, the higher rate has been effective only after the expiration of 30 days after date of publication.

The Customs now announce that it has been concluded that a period of 30 days is not sufficiently long, and accordingly the period is extended to 90 days.

Customs Regulation for Alloys—The attention of exporters of steel alloys and aluminum alloys is directed to the new United States Customs regulation on invoicing requirements for certain of these products, as set forth in T.D. 53092 of the Weekly Treasury Decisions of September 4, 1952, which states:

“In order to assist collectors of customs in properly classifying the iron and steel articles provided for in the paragraphs enumerated in paragraph 305, and the aluminum and alloys containing aluminum provided for in paragraph 302(j) and 374 of the tariff act, except the coils, plates, sheets, bars, rods, circles, disks, blanks, strips, rectangles, and squares specified in the last-mentioned paragraph, customs invoices for such products shall contain, in addition to all other information required by law or regulations, a statement of the percentage by weight of any metallic element used as an alloy in the articles.

“This requirement shall be effective as to certified or commercial invoices filed after the expiration of 30 days after the publication of this ruling in the weekly Treasury Decisions.”

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

Why Multiple Exchange Rates?

This explanation of why certain countries establish multiple foreign exchange rates, and of how they work, gives an insight into the new foreign exchange table following.

THE existence of multiple exchange rates in certain countries is one of the many complexities facing international traders today. Fortunately, most of the principal trading nations have not resorted to their use. In countries where they are maintained, however, the problem of checking prices in international trading becomes more difficult.

A number of exchange rates for the currency of a country may apply to either imports or exports, or to both. When applied to exports, the exporter is required to sell his foreign exchange proceeds at rates fixed by the exchange control authorities of the country involved. The rate which normally applies depends on the commodity exported. These rates are generally referred to as the "buying" or "export" rates.

On the import side, the exchange control authorities sell foreign exchange to the importer at various rates, depending on the commodity imported. These are called the "selling" or "import" rates. The terms "buying" and "selling" refer to the exchange control authorities.

Governing Principles

With imports, the principle underlying these practices is the maintaining of a favourable rate for imports considered essential to the economy of the country and, conversely, discouraging the use of foreign exchange for less essential imports. Thus, Chile maintains a selling rate of 31·10 pesos to the U.S. dollar for imports of wheat, but exchange for certain less essential imports is sold at a rate of about 130 pesos to the United States dollar by the exchange control authorities.

In countries which also have multiple buying (export) rates, the return to exporters for a given amount of foreign exchange earned normally varies with the commodity exported. Thus in Argentina exporters of meat receive five pesos for every U.S. dollar or its equivalent sold to the Central Bank. On the other hand, exporters of leather manufactures receive about 14 pesos for every U.S. dollar earned from exports. This permits the sale of leather manufactures on foreign markets at competitive prices and provides a profitable return to the producer. Thus lowering the exchange rate can mean lowering the export price and maintaining the return to the exporter in his own currency. Presumably, meat exports are competitive at the higher rate of exchange and the return to the exporter—five pesos to the U.S. dollar—adequate.

Although under most multiple exchange rate systems the rate applicable depends on the commodity traded, in some countries the buying (export) rate depends on the exporter or on the currency area to which exports have been made. Thus in Chile, the large foreign-owned mining companies receive fewer Chilean pesos for exchange earned in export than do the small mining companies. In Indonesia, the use of dollar certificates gives a larger return from exports to hard currency than to soft currency countries.

All this means that in countries maintaining multiple exchange rates, it is usually necessary to know the rate applicable to the commodity traded before the cost to the foreign importer, or the return to the foreign exporter, in terms of his own currency, can be determined.

The Tables Explained

The revised table of foreign exchange rates in this issue takes multiple exchange rate practices into account. However, they are included more as a warning than as a guide, because the rate for a specific commodity must be known for practical application. Further, the table, in general, can serve only as an aid in checking prices. *The rates quoted must not be used as a basis for entering into any firm financial arrangements for the purchase or sale of commodities.*

In the revised table, the quotation of a number of rates for the currency of a single country is intelligible if one has a general understanding of multiple exchange rate systems. But the peculiarities in the exchange regulations of some countries, and certain particular features of the table itself, require further explanation.

Exchange taxes:

Exchange taxes, where they are noted in the table, affect selling rates only. They are paid by the foreign importer when he purchases foreign exchange, and his costs increase by the amount of the tax.

Argentina: Additional buying rates result from the mixing, in varying proportions, of the rates quoted. These are in effect for only a few export items.

Bolivia: Effective rates for various Bolivian exports arise from the mixing of the rates quoted, and through exchange operations of the Banco Minero. On the import side, special Banco Minero selling rates for certain imports create additional rates.

The Bolivian exchange tax is fixed at three bolivianos per U.S. dollar or its equivalent. The tax has been converted to percentages in the table for ease of application.

Brazil: Exchange purchases for specified essential imports are exempt from the Brazilian exchange tax of 8 per cent.

Chile: Other fixed rates and various mixed rates apply to some imports and exports. The Chilean exchange system is particularly complex at the present time.

France: The exchange rate for the French Metropolitan franc applies to Algeria, Tunisia, French Morocco, French Antilles, and French Guiana. The rate for the French African franc applies to French Equatorial Africa, Cameroons, French West Africa, Togoland, Reunion, Madagascar and St. Pierre et Miquelon.

The French Pacific franc applies in New Caledonia, New Hebrides, and French Oceania.

Iceland: The special buying and selling rates for the krona result from the use of exchange certificates. These apply to certain fish exports and to specified imports.

Indonesia: Indonesian exporters to the dollar area receive, in addition to rupiahs at the basic rate of exchange, dollar certificates of a nominal value equal to 70 per cent of their exchange proceeds. To import from the dollar area, Indonesian importers must obtain dollar certificates of a nominal value equal to their exchange requirements.

Paraguay: Exchange subsidies for imports of wheat, wheat flour, certain petroleum products and antibiotics create an effective selling rate of 9 guaranies to the United States dollar, or its equivalent in other currencies, for these goods.

Peru: There are actually two exchange rates in effect in Peru—the certificate rate and the draft rate. There is no substantial difference between them.

Philippines: Exchange purchased for certain essential imports into the Philippines are not subject to the 17 per cent exchange tax.

Portugal: The rate of exchange for the Portuguese escudo is approximately the same as that for the currencies of most of Portugal's dependencies, including the angular of Portuguese West Africa.

Spain: There are currently six effective buying rates of exchange applicable to Spanish exports. These arise from the mixing of the basic and free rates in varying proportions, depending on the commodity. A number of fixed selling rates ranging between the basic and free rates apply to various imports into Spain.

Thailand: Mixed rates apply to exports of tin and rubber. The official rate applies to export of rice. Exchange proceeds from all other exports are subject to the free rate. All imports other than petroleum products must be paid for at the free rate.

Uruguay: A few exports are currently subject to mixed buying rates.

—R. E. LATIMER
International Trade Relations Branch

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.041.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 3	Notes (See below)
Argentina	Peso	Preferential buying	·1281	
		Basic buying	·1922	(1)
		Preferential selling	·1922	
		Basic selling	·1281	
		Free	·0691	
Austria	Schilling .....	.....	·0450	
Australia	Pound .....	.....	2·1430	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	·0192	
Bolivia	Boliviano	Official	·0160	tax 5% (1)
		Differential	·0096	tax 3% (2)
British West Indies (except Jamaica)	Dollar .....	.....	·5581	
Brazil	Cruzeiro .....	.....	·0519	tax 8% (2)
Burma	Kyat .....	.....	·2005	
Ceylon	Rupee .....	.....	·2018	
Chile	Peso	Official	·0309	(1)
		Commercial	·0160	
		Free	·0075	
Colombia	Peso	Basic	·3844	tax 3% (2)
		Coffee Buying	·4250	
Costa Rica	Colon	Official	·1715	(3)
		Free	·1453	*July 31
Cuba	Peso .....	.....	·9609	tax 2%
Czechoslovakia	Koruna .....	.....	·0192	
Denmark	Kroner .....	.....	·1391	
Dominican Republic	Peso .....	.....	·9609	
Ecuador	Sucre	Official	·0641	(4)
		Free	·0552	
Egypt	Pound .....	.....	2·7594	
Fiji	Pound .....	.....	2·4133	
Finland	Markka .....	.....	·0042	
France	Franc .....	.....	·0027	
French Africa	Franc .....	.....	·0055	
French Pacific Ter.	Franc .....	.....	·0152	
Germany	Mark .....	.....	·2288	
Greece	Drachma .....	.....	·000064	
Guatemala	Quetzal .....	.....	·9609	
Haiti	Gourde .....	.....	·1922	
Honduras	Lempira .....	.....	·4805	
Hong Kong	Dollar	Free	·1500	*Aug. 11
Iceland	Kronur	Official	·0590	
		Special buying	·0454	
		Special selling	·0369	
India	Rupee .....	.....	·2018	
Indonesia	Rupiah	Basic	·0843	
		With Surcharge I	·0421	(5)
		With Surcharge II	·0281	
		Dollar certificate	·0018	*Sept. 15

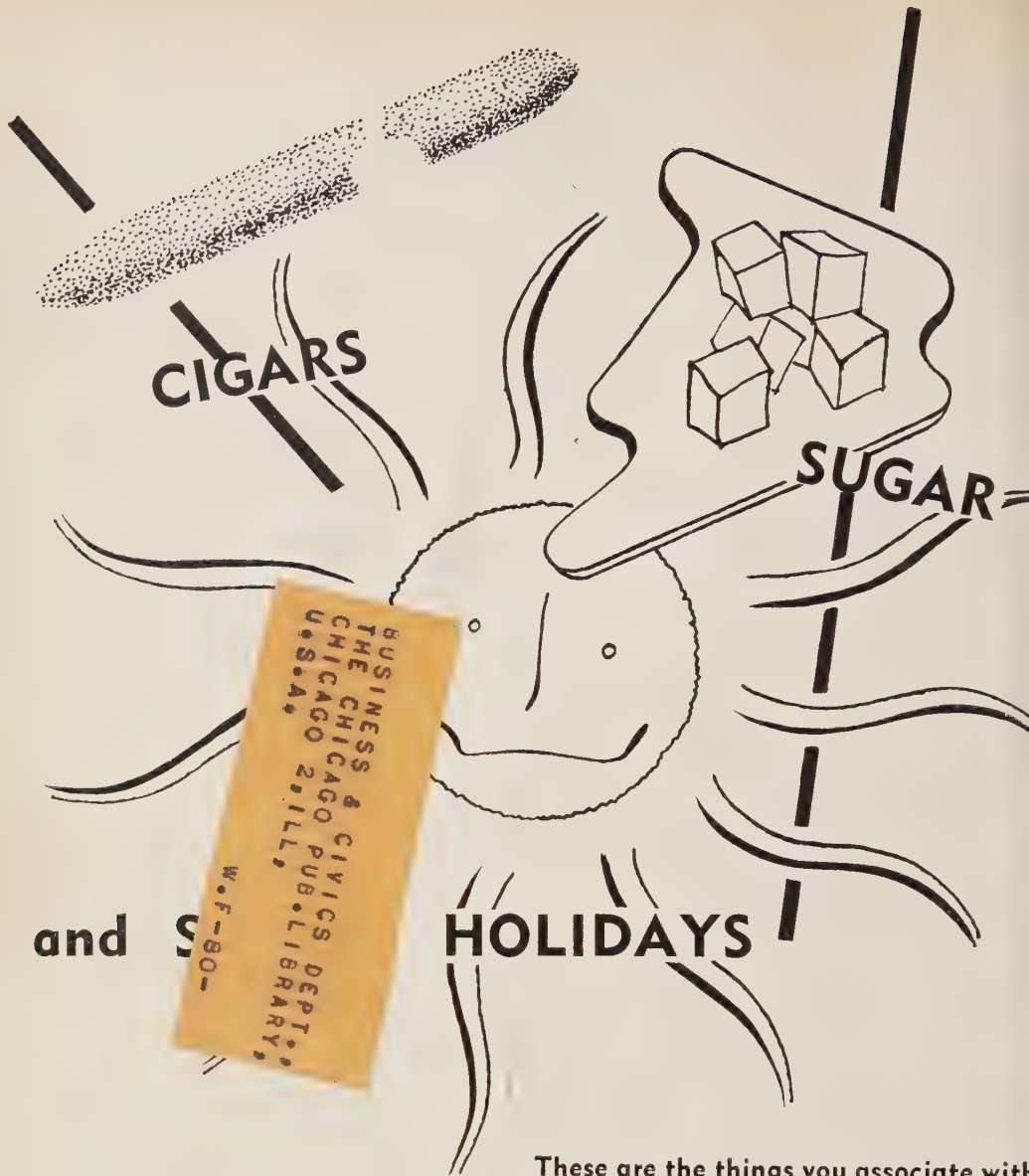
* Latest available quotation date.

<i>Country</i>	<i>Unit</i>	<i>Type of Exchange</i>	<i>Canadian dollar Equiv. Oct. 3</i>	<i>Notes (See below)</i>
Iran	Rial	Certificate I	·0130	*June 30
Iraq	Dinar	Certificate II	·0126	*June 30
Ireland	Pound .....	.....	2·6787	
Israel	Pound .....	.....	2·6787	
		Basic	2·6905	
		Special	1·3453	
		Investment	·9609	
Italy	Lira .....	.....	·00154	
Jamaica	Pound .....	.....	2·6787	
Japan	Yen .....	.....	·00267	
Lebanon	Pound	Free	·2701	*Aug. 11
Luxembourg (See Belgium)				
Mexico	Peso .....	.....	·1111	
Netherlands	Guilder .....	.....	·2529	
Netherlands Antilles	Guilder .....	.....	·5095	
New Zealand	Pound .....	.....	2·6787	
Nicaragua	Cordoba	Effective buying	·1456	(6)
		Official selling	·1363	
		With Surcharge I	·1194	
		With Surcharge II	·0956	
Norway	Kroner .....	.....	·1345	
Pakistan	Rupee .....	.....	·2904	
Panama	Balboa .....	.....	·9609	
Paraguay	Guarani	Basic	·0641	(1)
		With Surcharge I	·0458	(7)
		With Surcharge II	·0320	
Peru	Sol .....	.....	·0623	
Philippines	Peso .....	.....	·4805	tax 17% (2)
Portugal	Escudo .....	.....	·0335	
El Salvador	Colon .....	.....	·3844	
Singapore & Malaya	Straits dollar...	.....	·3125	
South Africa (Union of)	Pound .....	.....	2·6787	
Spain & Dependencies ..	Peseta	Basic buying	·0439	
		Basic selling	·0856	(1)
		Free	·0242	
Sweden	Kronor .....	.....	·1858	
Switzerland	Franc .....	.....	·2243	
Syria	Pound .....	.....	·2693	*Aug 11
Thailand	Baht	Official	·0769	(1)
		Free	·0537	*Aug. 2
Turkey	Lira .....	.....	·3432	
United Kingdom..	Pound .....	.....	2·6787	
United States	Dollar .....	.....	·9609	
Uruguay	Peso	Official	·6326	
		Basic buying	·5398	
		Special buying	·4089	(1)
		Basic selling	·5057	
		Special selling	·3922	
Venezuela	Bolivar .....	.....	·2868	(8)
Yugoslavia	Dinar .....	.....	·0032	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.



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OCTOBER 18, 1952



OTTAWA
CANADA



Cotton Outlook in the U.S. (page 6)



foreign trade

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. . . This mature, cotton boll symbolizes cotton harvest that from United States supplies most of the material for the Canadian tile industry. For a full report on this year's crop see page 6.

by
Dept. of Agriculture

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Colombia

Steel Industry Takes Shape

The new Paz de Rio integrated steel mill (opposite), now building, should stimulate the whole Colombian economy, cut down the bill for steel imports, and save foreign exchange.

BOGOTA—Colombia's economy is receiving a shot in the arm from the building of a national integrated steel mill. The plant, scheduled to go "on stream" late in 1953, has an initial production target of 100 thousand tons a year. This, it is hoped, will increase as the plant is run in and the workers trained. When the project is completed, Colombia will be the third Latin American country to boast a fully-integrated steel mill. The idea has fired the imagination of Colombians for years and its development marks an important milestone in the development of the country.

Raw Materials Available

The mill, which is being constructed at Belencito in the western section of the Department of Boyaca, some 160 miles northeast of Bogotá, is well situated in relation to raw material supplies. In fact, it is better off in this respect than most North American producers, as the table below indicates:

Distance Raw Materials from Plant			
(in miles)			
Plant	Iron Ore	Coal	Limestone
Belencito	22	11	0.5
Birmingham (Alabama)	22	24	3
Pittsburgh	559	24	21

This factor would suggest low-cost production. On the other hand, Boyaca is an economically backward area with little or no industry or urban development. The project must therefore bear the heavy cost of building community facilities and training an industrially inexperienced labour force. Nevertheless, the management of the Empresa Siderurgica Nacional de Paz de Rio, S.A., the company carrying out this project, believes that end products from this mill can be laid down in the pocket-like markets of Colombia (such as the Bogotá and Medellin area) more cheaply than imported lines—even without tariff protection. This belief is based on the fact that the internal transport problems of Colombia act as an invisible tariff barrier to imports.

The development of Paz de Rio is a logical result of intensive geological, engineering and economic studies undertaken during the last ten years.



These studies revealed sizable ore and other raw material reserves. The known and probable reserves amount to:

Iron ore	100,000,000 tons
Coal	1,920,000,000 "
Limestone	66,000,000 "

Water resources are also adequate; water will be piped from the Laguna de Tota situated some 35 miles from the plant.

United States and other foreign engineers estimate that these ore reserves are sufficient for fifty years, even if the annual rate of use is stepped up to 1½ million tons.

Following these studies a Luxembourg business house and, later, French banking firms—with the support of their government—invested considerable sums in the project. The French interest stemmed not only from an understanding and appreciation of the potentialities of Paz de Rio but from the desire to encourage sizable exports of French-produced heavy machinery. Much of the financing, however, is being done in Colombia. Recently, the Government permitted the company to float a new 20 million peso 6 per cent bond issue on ten-year terms to finance this scheme. These bonds are guaranteed by the State and give an indication of the Government's interest in the venture.

Potential Market and Production

Studies by foreign experts indicate that a 500-ton per day blast furnace operation is feasible in view of the actual and potential development of the domestic market. This production would be designed to service a growing market with an indicated demand of 193 thousand tons in 1953, expanding to 216 thousand tons in 1958, based on an annual population growth of 265 thousand and a steadily-increasing demand. This should displace imports which, except for the war years, have been steadily rising.

Steel Imports

(metric tons)

1937	93,136
1938	102,337
1939	104,850
1940	81,569
1941	61,276
1942	11,940
1943	34,785
1944	78,737
1945	98,757
1946	123,516
1947	163,477
1948	95,133
1949	173,597

The initial output which Paz de Rio is aiming at is 122 thousand tons a year of end products. However, 100 thousand tons may be the actual production figure until relatively full plant and labour efficiency is reached. The Empresa is planning to concentrate on certain lines required by the Colombian market and not easily produced by firms currently in production in the Republic, which use scrap and a small amount of pig iron in electric furnaces to turn out reinforcing rods and a small amount of ingot. At Paz de Rio, initial annual production will be along the following lines:

21-26,000 tons of rails and accessories, I-beams, plates and so on.

49-60,000 tons reinforcing rods, bars, steel poles, blooms and billets.

30-36,000 tons of wire of various types including galvanized, barbed, black, and nail wire.

Principal Plant Installations

The principal erections include a 500-ton per day blast furnace with an annual capacity of from 175-180 thousand tons. The coke plant will have a nominal production of 578 tons per day, most of which will be utilized at the plant. There will also be certain essential converters and electric furnaces, and a battery of wire-drawing machines. Driving power will come from boilers producing high pressure steam and from a 25,000 k.w. electric plant which will obtain its energy from fuel gases drawn from the coke ovens. By-products will include industrial gases, benzene, creosote, benzol, light oils and naphtha, toluene, asphalt, sulphate of ammonia, agricultural lime and other fertilizers. The company will also own and operate the iron ore and coal mines, the limestone quarries, and the tramways and aerial cables required to transport these materials to the mill.

Importance to Economy

The Paz de Rio development, it is hoped, will cut down Colombia's steel import bill. According to calculations, the outlay necessary to have the plant turn out 122 thousand tons of end products for the home market will be about US\$10,677,000; the sale price of these articles is calculated at US\$21,717,000. The profit is thus not only sizable but also will permit Empresa to obtain a good return on the initial investment. In addition, Paz de Rio will contribute to the development of Colombia's immense coal deposits which now are practically unexploited. Furthermore, other industries are being attracted as a direct result of the building of the

plant. A French company has announced a million-dollar factory to fabricate products turned out by the Empresa. Finally, this national development will be a safeguard in times of shortages, such as during World War II and the present Korean campaign, and will mean a ready supply of essential steel products.

The building of the steel plant at Paz de Rio, which is one of the greatest individual economic developments in the Republic, marks a tremendous forward step. It demonstrates the faith of not only international investors and experts in this particular development but of leading Colombian citizens in the future of their country.

—JOHN E. LANCASTER

Assistant Canadian Government Trade Commissioner

A Philippine Food Program

MANILA—The Philippine Food Commission, which was appointed in 1951, has submitted its first report to the President and it recommends a five-year (1952-1957) supply program to make the Philippines self-sufficient in foodstuffs. Features of the plan include a consumption or nutritional program aimed at the gradual improvement of food consumption levels, a food production schedule, and a food import program.

To improve the people's health, the Commission reported, it would be essential to plan an effective agricultural program for producing foods that will meet the nutritional needs of the country. In making suggestions to carry out the plan, the Commission pointed out the deplorable quality of the food supplies today and the dependence on food imports to maintain even this unsatisfactory situation.

The production goals for the fiscal year 1956-57, the end of the five-year program, were set at 3.8 million metric tons of rice, 844 thousand metric tons of corn, 1.5 million metric tons of starchy roots and tubers, 236 thousand metric tons of dried beans and peanuts, 3.5 million metric tons of fruits and vegetables, 404 thousand metric tons of fish, 344 thousand metric tons of meat, 66 thousand metric tons of eggs, and 25 thousand metric tons of milk and milk products.

Considering the projected increase in the production of food products, the Commission has suggested that imports of food products (valued at 192 million pesos for the current fiscal year) be reduced to 130 million pesos for the 1955-56 fiscal year. It recommended, however, that imports of foods which will help to meet the nutritional standards that have been set, and which cannot be produced in the Philippines, should be continued. The greatest bulk of the imports would consist of cereals (rice and wheat), milk, fish and meat products, citrus fruits, and other foods which are not produced in sufficient quantities.

—W. D. WALLACE

*Acting Consul General of Canada
and Trade Commissioner*

United States

The Cotton Outlook

Decrease in exports, increase in carryover indicate cotton supplies are adequate but not excessive, though 1952 harvest will probably fall below the official goal set.

WASHINGTON—The official September 1st forecast of production of American upland cotton for 1952 stands at 13,889,000 bales (500 lb. net). This compares with the official August forecast of 14,735,000 bales and the production goal of 16 million bales. Production in 1951 was 15,144,000 bales. Average production during the preceding ten years was 11,775,000 bales. With the official forecast of production falling more than two million bales (or 13 per cent) below the official goal, and because of the importance of the United States as a source of cotton, the question naturally arises, "Will the supply of cotton be sufficient during the coming year?"

That question can only be answered with the passage of time. The following observations may, however, help in evaluating the present situation and future prospects.

In the first place, the goal of 16 million bales was a "defence" goal which included a substantial reserve and assumed a carryover at July 30, 1952, of two million bales. Actual carryover at that time was officially estimated at 2,745,000 bales and unofficially at 2,900,000 bales. Thus the goal can be lowered by between 745 thousand and 900 thousand bales without altering the estimate of demand.

Supply and Demand

The official forecast of production should be examined next. In 1951, the September 1st forecast of cotton production was considerably higher (approximately 1.5 and 2 million bales respectively) than the November estimate and the final estimate. Allegedly as a result of these decreases, cotton prices rose and the Crop Reporting Board of the Department of Agriculture was severely criticized by the cotton producers who had sold their cotton at the lower prices. It seems highly probable, therefore, that this year the Board, while striving for greater accuracy, will err on the low side, if at all. Any change in later estimates, barring unfavourable developments such as bad weather, insects, etc., will probably increase the present forecast. This idea is supported by the fact that the September 1st estimate of production, published by the *New York Journal of Commerce*, is 14,371,000 bales.

If the official and unofficial estimates of both production and carryover are averaged, and nominal imports of 100 thousand bales added, slightly more than 17 million bales emerge as the prospective supply for 1952-53.

Consumption for the 1951-52 marketing year is estimated at a record-breaking 15 million bales, made up of domestic consumption of 9·2 million and exports of 5·8 million. Thus, even if disappearance equalled this 28-year record, there would still be a carryover of two million bales which, it is considered, would cover minimum requirements. General expectation is, however, that disappearance in the 1952-53 season will be less than during 1951-52. Stocks of cotton in foreign countries were reported to be two million bales larger on August 1, 1952, than a year earlier; foreign production in non-Communist countries is expected to be about the same as, or higher than, in the past year; and the United States Government is not expected to finance as large cotton exports during the coming year as in 1951-52. Forecasts of disappearance range from 13 million to 14·6 million bales.

It thus appears that, though cotton supplies may not be excessive during the coming year, they should be sufficient to meet the demand. This conclusion is supported by the fact that on September 11th the price of March raw cotton futures on the New York market was only slightly more than 7/10th of a cent per pound higher than it was on August 29th.

Canadian Cotton Imports

Why are the cotton prospects for the coming year, be they good, bad, or indifferent, of consequence to Canada?

In 1951, Canada imported raw cotton to the value of \$94·3 million and cotton and cotton products to the total value of approximately \$198 million. Of these totals, \$93 million and \$162 million respectively came from the United States. Canada spent more for imports of cotton and cotton products last year than for any other agricultural commodity or group of commodities. Furthermore, the dominance of one country as a supplier was much more marked than in wool, the next most valuable agricultural import. In addition to being the most important agricultural import in 1951 (rubber and rubber manufactures have been included in this instance) cotton and cotton products ranked third in importance among all imports. They were exceeded only by iron and its products, and by petroleum and its products.

Cotton Industry's Importance

In 1951, 26·7 million acres of cotton were harvested in the United States—or approximately the same acreage as was planted to wheat in Canada in 1952. The farm value of the crop (lint plus seed) harvested from those acres was over \$2·8 billion, or slightly more than 8 per cent of the total farm value of all agricultural production.

The National Cotton Council of America estimates that the American cotton industry includes 12 million people. If this estimate is accurate, the importance of a thriving cotton industry to the health and welfare of the United States economy cannot be denied. Its indirect influence on the Canadian economy, while difficult to measure, is also worth keeping in mind.

One of the most important organizations working to keep the industry thriving is the National Cotton Council of America. The Council represents six segments of the industry—producers, ginnermen, warehousemen, merchants, spinners and cottonseed crushers. Its one goal is to increase the consumption of American cotton, cottonseed and their products. Since its formation in 1940, it has had considerable success through comprehensive programs of promotion, research, and production and marketing efficiency. These programs involve everything from the search for new varieties of cotton plants through the promotion of new techniques of producing and processing to the development of many new end uses for cotton and its products and the promotion of these new uses with intermediate and ultimate consumers.

With the spectacular development that has taken place and is continuing to take place in synthetic fibres, it is difficult to predict what may be their final effect upon the total consumption of cotton. In some fields such as tire cords, cotton is losing ground rather rapidly; in others, such as carpeting and fashionable women's clothing, the use of cotton is increasing. One thing is certain. The cotton industry is very much alive to the situation, and, sparked by individual members as well as industry organizations and government agencies, it is prepared to put up an intelligent, well-organized and tenacious battle for its share of the market.

—W. F. HILLHOUSE

Assistant Agricultural Secretary for Canada

LEBANON OFFICE OPENED

The Right Hon. C. D. Howe, Minister of Trade and Commerce, announced on October 17, 1952, that an office of the Canadian Trade Commissioner Service would be opened in Beirut, Lebanon, and that Mr. G. F. G. Hughes had been appointed Canadian Government Trade Commissioner there. The territory of this office would also include Iraq and Syria.

In establishing an office in Beirut, said Mr. Howe, his department was pursuing the policy of exploring the possibilities of trade with some of the smaller countries where prospects appear favourable. Canada's trade with this territory had increased substantially during the last four years; from \$7.7 million in 1948 to \$26.6 million in 1951. Canadian imports from these three countries had risen from \$827 thousand in 1948 to \$18.5 million in 1951, but Canadian exports to them had increased only from \$6.9 million to \$8.1 million in the same period. Canada, Mr. Howe added, exchanges most-favoured-nation tariff treatment with all three countries.

Mr. Hughes is being transferred from Istanbul, Turkey, where he has served as Commercial Secretary for Canada since January 1949. Born at Sayabec, Quebec, he graduated from the University of New Brunswick in 1940 and joined the Canadian Trade Commissioner Service in 1945, after four years in the Royal Canadian Naval Volunteer Reserve. He was posted to Glasgow in 1945 as Assistant Trade Commissioner and transferred to Ankara, Turkey, in 1949. The office was subsequently moved to Istanbul but it has since been closed.

Norway in 1952

. . . a six-months' review of finances, industry, agriculture, forestry and fisheries.

OSLO—Norway's economy began to reflect the international recession of trade during the first six months of 1952. Exports of certain products suffered a setback, and at the same time freight rates continued to drop. However, the foreign exchange situation has continued to be satisfactory, and it was not until the first week of June that the foreign exchange holdings of the Bank of Norway showed a declining tendency.

The country's internal economy has been active, the index of industrial production was even higher than last year, and employment is at a record level. Erection of new plants, and the extension and modernizing of existing ones, has gradually increased output capacity. An important factor in Norway's export trade is the restoration of the iron ore extraction plant at Sor-Varanger which was destroyed during the war. The plant has made its first export shipments.

The brisk activity in the national economy is reflected in the financial field. Loans and advances by the commercial banks have been increasing, although not at the same rate as last year. Deposits are also increasing, and the liquid position is relatively satisfactory. Note circulation has gone up, and prices have been little influenced by the falling prices in other countries. On the contrary, the tendency is still upward.

Balance of Payments

Because of the decline in the import surplus of ships, and a large increase in net freight earnings, the surplus on the current balance of payments with foreign countries increased from 100 million kroner in the first half of 1951 to 270 million kroner in the first half of 1952. Deducting grants from abroad, which amounted to only 20 million kroner in this period, the surplus on the balance of goods and services was 250 million kroner, compared with a deficit of 40 million kroner in the first half of 1951. However, the development has been so unfavourable during these six months that the surplus dropped from 230 million kroner in the first quarter to 20 million in the second quarter—principally because of the lower value of some of Norway's principal exports, such as wood refining products and whale oil.

Foreign Trade

The volume and value of Norway's export trade has become more normal during the last few months. At the same time, the value figures are still very much higher than before the outbreak of war in Korea. On the import side, however, no corresponding decline from the peak attained during the boom has been apparent, and the terms of trade, therefore,

have had an unfavourable tendency. The main cause of the great Norwegian export boom was the high prices on the world market for wood refining products, but this industry has been prepared for a recession sooner or later. In the first quarter of 1952, export earnings remained relatively high, the total value increasing from 895 million kroner in the first quarter of 1951 to 1,124 million in the same period this year. During the second quarter, however, the trend changed and the total export value dropped from 959 million kroner in 1951 to 869 million this year, principally because of the decline in world market prices for wood refining products and whale oil. While the index for import prices dropped only four points from January to June of this year, the export price index declined as much as 16 points during the same period. The total import value for the first half of 1952 was 2,883 million kroner, (2,577 million kroner in 1951). The export value totalled 1,993 million kroner compared with 1,854 million in 1951.

Norway's trade with Canada was greater during the first six months of 1952 when compared with the same period of 1951. Imports from and exports to Canada rose approximately 50 and 100 per cent, respectively. Imports during this period totalled 132.4 million kroner as compared with 87.9 million in 1951; exports aggregated 10.4 million kroner as against 5.4 million last year.

Industry

Norway's industrial production index was 154.1 at the end of June as against 153.2 a year ago (1938 equals 100). This increase is entirely due to the greater output of the industries working for the home market. The production index of the export industries showed a slight decline. The greatest progress was made by mining and metal extraction, chemical and electro-chemical and iron and metal manufacturing industries. A decline was particularly noticeable in the pulp and paper, textile, canning and footwear industries.

The pelagic whaling season ended on March 5. Preliminary reports put the production of the ten Norwegian expeditions at 967 thousand barrels of whale oil; the figure for the preceding season was 935,820 barrels. The price of whale oil has fallen this season, and it has been more difficult to sell than in previous years. However, all whale oil produced by Norwegian companies in the 1951-52 season was sold by the middle of June at an average price of £82.10.0 per ton.

Fisheries

The total catch of the cod fisheries was estimated at 134 thousand tons, as compared with 158 thousand tons in 1951. The total quantity of winter herring was 8.8 million hectolitres as against 9.5 million in the record year 1951 (1 hectolitre equals approximately 3.3 bushels). The mackerel catch reached a total of 5,530 tons by the beginning of June, compared with 5,929 tons during the same period last year. Because of higher prices, the export value of fish and fish products increased by 26 million kroner, from 124 million kroner in the first quarter of 1951 to 150 million in the first quarter of 1952. Plans for the development of northern Norway include extension of the fishing fleet. The 700 million kroner

program provides for the building of a number of trawlers and fishing smacks for operations on the Grand Banks and the supply of 500 Asdic apparatus.

Prospects for Norwegian crops were described at the end of July as 100 per cent of an average year for hay, 90 per cent for grain, 92 per cent for potatoes and 100 per cent for root crops. Unfavourable weather during July resulted in below average vegetable and fruit crop prospects, both in quantity and quality. Compared with the corresponding months of 1951, the milk yield during the first half of 1952 amounted to 97 per cent in January and February, 98 per cent in March, 94 per cent in April, 103 per cent in May and 100 per cent in June. Negotiations carried on in the spring between the Government and the agricultural organizations resulted in an agreement, effective July 1, 1952 to June 30, 1953, whereby the total earnings of the farmers in that year will increase by 125-130 million kroner. Of this amount, about 80 million kroner will be provided under the State Budget.

During the lumbering season, which closed late in the spring, the production of timber amounted to 8.18 million cubic metres, or 17 per cent in excess of the original program. The quantity of timber produced during this season exceeded that of the preceding year by 1.63 million cubic metres.

—J. L. MUTTER

Commercial Secretary for Canada



TRADE COMMISSIONERS ON TOUR

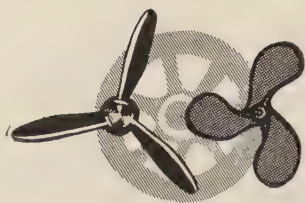
TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, will begin a tour of Canada in Vancouver on November 19. His itinerary follows:

Vancouver—Nov. 19-22
Toronto—Nov. 24-29

Montreal—Dec. 1-6
Ottawa—Dec. 8-11

Businessmen may get in touch with Mr. Bissett through the Board of Trade in Montreal and Toronto, and the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.) and Vancouver (355 Burrard St.).



TRANSPORTATION NOTES

SOUTH AFRICA

TRANSPORT is of paramount importance in the development of the sub-continent of Africa. Unfortunately the grand scheme introduced three years ago for the co-ordination of all communications in Southern Africa has come to nothing. In the Union, all public transport and communications, such as railway and harbour systems, air services and road motor services and telegraphs, are state undertakings. There is no inland water transport because the rivers are not navigable.

As a result of the rapid increase in industrial and commercial development since the war, the state transport services are inadequate, and there is much congestion on the railway system and at the ports. Long delays in the delivery of much needed locomotives and rolling stock have contributed materially to this situation. Some relief was afforded recently by giving private road transport companies much wider scope in which to operate. Since 1930, under the Motor Carrier Transportation Act, these truckers have been severely restricted in their operations in favour of the railways.

Railways—The total revenue from all state-owned transport services for the financial year ended March 31, 1952, amounted to £123·7 million, of which the railways alone accounted for £112·3 million. On the railway account the net surplus was £7·6 million. For 1952-53 it is expected to be about £490 thousand. During 1951, 12 steam locomotives, 241 passenger coaches, and 2,928 trucks were placed in service. Forty electric locomotives ordered from Britain in 1947 have not yet been delivered. The present order book also includes 320 steam locomotives, 50 electric locomotives and 156 passenger coaches. In addition, the purchase of 3,700 freight cars, 110 main line dining cars and 738 passenger coaches has been authorized. Tenders for this equipment are still under consideration.

While there is no doubt that all this equipment will help to meet the ever increasing demand for rail transport, the problem of constructing double tracks on the main lines, aggravated by the many tunnels, will remain. This presents a formidable obstacle to 100 per cent rail transport efficiency.

Though the South African Railways achieved an overall net surplus on 1951-52 operations, the air services, shipping services

(two coastal vessels), road transport service, and harbour service operated at a loss. The railways alone showed a profit, but it was sufficient to finance the other services comfortably.

New Airport—The Union's new airport at Johannesburg, named Jan Smuts, to be completed early in 1953, covers 2,130 acres and will be one of the world's largest. On May 5 the first official flight of the Comet jetliner to the United Kingdom started from this port.

Merchant Marine—According to the annual report of the South African Shipping Board, the rapid growth of the South African mercantile marine (privately operated) after the war has not continued. The tonnage of ocean-going ships registered in the Union on May 31, 1951, was 100,627 tons gross compared with 139,739 tons at the same date a year before. During that period the number of ships declined from 32 to 27.

New Port—Congestion at the ports continues in varying degree, principally at Durban and Port Elizabeth, where clearance from the wharves of goods discharged is still painfully slow, causing serious interruption to shipping schedules. To relieve this congestion, particularly in Durban, consideration is again being given to creating a new port on the Natal coast at Sordwana Bay near the border of Portuguese East Africa. The plan contemplates a supporting railway line through the narrow corridor between Swaziland and Zululand, connecting with the Transvaal network, which will open up a new area for settlement, give access to large stands of commercial timber and a direct sea outlet for the Transvaal. The Natal and Eastern Transvaal coalfields will provide sustaining freight for the service which will lighten tonnage movement by the overtaxed Durban-Johannesburg rail route.

Extra Berths—Work is to begin shortly in No. 2 quay at Port Elizabeth on three extra berths for which an allocation of £150 thousand was provided in the Railway Budget. The whole scheme for improving accommodation at the port, including new cargo sheds, will cost about £1.5 million. The port authorities are fully confident that these three extra berths will help greatly in relieving the periodic congestion difficulties in the harbour—Johannesburg, September 25.

PAKISTAN

Loans for Shipping—The Pakistan Government has recently advanced two loans, amounting to approximately \$1.3 million, to Pakistani shipping companies for the purchase of passenger and cargo ships to develop Pakistan's shipping industry. While the emphasis at the present is on the building up of a stable mercantile marine between the east and the west links of the country, the Pakistan Government is also endeavouring to promote shipping on international routes. It is expected that by mid-1953 the Pakistan Merchant Navy Academy in East Pakistan will be in operation training merchant navy officers—Karachi, September 19.

Ceylon

A Tree Boosts Trade

Like the proverbial pig, every part of the coconut tree has its use, and its products form one of the three main pillars of Ceylon's economy.

COLOMBO—The coconut palm (*cocos nucifera*)* is one of the most useful trees in the world and it is of great value to Ceylon's economy. The fruit supplies several types of food, drink, fuel, cattle food and raw materials for industry. Its leaves are used as roofing and the wood itself for fuel or building material. The whole tree, in fact, is like the proverbial pig—every part of it has commercial or domestic value.

The coconut industry is one of the three main pillars of Ceylon's economy. In its present form the industry has flourished for about 100 years. Yet there are no records of the introduction of the coconut palm (*cocos nucifera*) to Ceylon and there is scant information about the industry's beginning. This may be because it is a domestic affair and has always been in the hands of the Ceylonese community. Most coconut estates belong to small landholders and the average area is some ten acres. Land planted to coconut is estimated to cover something over one million acres, a considerably larger area than that devoted to tea or rubber. Most of the plantations are along the southern and western coasts, although there are some comparatively small districts devoted to coconut production at the northern tip of the island and in spots along the northeast coast.

The industry is not as large an employer of labour as tea or rubber, and the export value of coconut products is considerably less than that for those two crops. In 1951, for example, Ceylon's exports of tea were valued at Rs.800 million, and sales of rubber in various forms amounted to Rs.582 million. Shipments of all the principal coconut products brought in the smaller figure of Rs.369 million, 19·4 per cent of the country's total exports for the year. On the other hand, the value of coconut products to the people and to domestic trade generally is believed to be much higher than either tea or rubber.

Easy to Grow

The general nature of the coconut palm typifies to some extent the pleasant and easy-going way of life of the ordinary Ceylonese. The trees are easily grown and with reasonable attention to cultivation, fertilizing, and eradication of pests they produce substantial results for little effort. It is no wonder, therefore, that among some religious and other communities they are regarded with great veneration. One coconut palm tree,

* This report refers only to the typical coconut palm as specified—Editor.

for example, can produce no less than one hundred nuts a year. Nevertheless, in order to improve production and living standards generally, the Government and a number of commercial organizations have set up research stations and taken steps to expand output and improve the quality of the more important products, particularly when they are for export.

The trunk of the coconut tree does not make good timber. For one thing, it is never straight for any proportion of its length, which may extend from 50 to 60 feet. In addition, the texture of the wood is generally soft. It is still suitable for making structural members for native style houses or for a number of similar purposes, but is in no way valuable for general commercial use.

Leaf Fronds for Roofing

Because of their length, form and resistance, the leaf fronds are valuable. They can be soaked in water and woven together before drying to make substantial roofing material which affords good protection against sun and rain. Such "cadjan" can also be used for temporary walls, fencing and similar purposes, and, if required, can be supplied in panels of stipulated sizes. The same material is also used for such things as heavy basketware.

When properly cultivated the coconut palm will blossom six times a year and when in the process it can be tapped by special methods at



These water buffalo are pulling harrows to cultivate a Ceylon coconut plantation. The graceful leaf fronds that the picture highlights will eventually become sturdy roofing material or may be used for fencing.

the top of the tree to produce a liquid described as toddy. The fermented or treated liquid is consumed widely by the native population as toddy or arrack. This industry and trade is in no way peculiar to Ceylon but it is valuable both to the proprietors and workers on coconut plantations and to the Government which controls production, distribution and retail sale.

Fruit Most Important

The essential value of the coconut palm is in its fruit which, with proper attention, it produces in prolific quantities, and some of which is exported. This trade has been based to date almost entirely on Indian demand where the nuts are used for the same purposes as in Ceylon. The trade with India runs to several million coconuts a year and brings in approximately half as many rupees. In 1951, for example, some 6.6 million nuts were exported to India with value of slightly over Rs.3 million.

Coconuts are covered with a fibrous husk which may be about an inch thick. In its crude and treated form it is called coir and is produced by retting the husks in water and then combing or otherwise separating the fibres which are sorted according to length and other qualities. The long fibres are used for the manufacture of yarn, rope, etc., and the shorter fibres are selected for matting bristles, mattresses or similar goods. Some idea of the value of the coir trade can be gained from the following figures. Exports of coir yarn in 1951 were valued at Rs.6.3 million, those of bristle fibre at Rs.10.5 million, and of mattress fibre at Rs.24.1 million. Such figures have, of course, no relation to domestic consumption.

Inside the husk is the large nut familiar in retail shops and at fairs and exhibitions throughout the world. The shell may be from $\frac{1}{8}$ to $\frac{1}{4}$ of an inch thick. When the milk and meat are extracted the shell is of comparatively small commercial value except for the manufacture of charcoal—as produced in large quantities for use in gas masks during the last war, as ordinary fuel, or for making spoons, buttons, buckles and a variety of curios.

The milk of the coconut has virtually no commercial value, although it is, of course, a popular drink with estate workers and tourists.

Nutmeat Produces Copra

The meat of the coconut is of the greatest value for domestic and trade purposes. This tasty and nutritious product is used in large quantities throughout Ceylon as a component in curries and many other dishes. For purely commercial purposes it is made mainly into copra, the process involving splitting the nut with its shell into halves, sun or artificial drying and the extraction of the meat from the shell. The resulting product, which is in dried segments, is then packed in sacks for delivery to local oil mills or for export. Copra exports, destined principally for Pakistan and India, reached a value of Rs.27 million in 1951.

A second product of the meat is desiccated coconut, produced principally for the export market. Desiccating mills are located throughout the main estate areas. Export trade in desiccated coconut is widely distributed but based primarily on United Kingdom demand. Overseas shipments of this product in 1951 were worth Rs.65.7 million.

Copra also forms a basis for a quite extensive oil milling industry where coconut oil is produced with extracting or expelling machinery. The value of the coconut oil trade is extensive and today's position may be illustrated by the fact that coconut oil exports which were valued at Rs.21 million in 1945 had increased to Rs.227 million in 1951. Ceylon's principal markets for coconut oil, which is used mainly for the manufacture of soap, margarine and similar products, have been the United Kingdom, the Netherlands, Pakistan, Italy and Sweden.

Poonac, the residue from oil production, is used for cattle food and as a fertilizer. Exports of poonac are traditionally made to northern European countries, principally for dairy or stock farm use. This business has expanded and the value of exports—Rs.128 thousand in 1947—rose to Rs.6.3 million in 1951.

Canadian Imports Fluctuate

Ceylon's coconut industry is of interest and value to Canadian importers and consumers of oil and desiccated coconut. The oil trade fluctuates with the varying costs in producing countries of the vegetable oils used in manufacturing processes. For various reasons Canada is only a minor outlet for Ceylon's coconut oil exports and the trade in 1951 was worth only Rs.3.3 million, obviously a small proportion of the total export value. In somewhat the same way Ceylon's trade in the Canadian market in desiccated coconut is variable, but recently it has begun to revive and the 1951 value of exports to Canada was slightly over Rs.2 million. Exports of other coconut products are occasional and very limited.

Ceylon is a country given, among some of its communities, to frequent and elaborate festivities—religious, family or otherwise—and the decorations used on these occasions very often feature the young flowers and leaves of the coconut palm. Visitors to the Island appreciate not only the beauty of the trees themselves, abounding in the coastal areas, but also the traditional and practical value which they have for the Ceylonese.

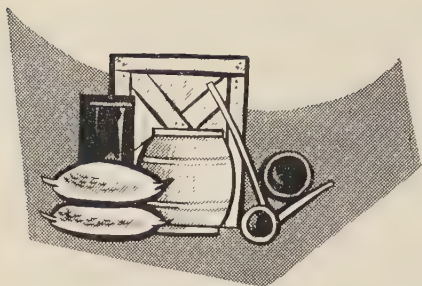
—PAUL SYKES

Canadian Government Trade Commissioner

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.



COMMODITY NOTES

BRAZIL

Alcohol—Alcohol production during the fiscal year 1950-51 was slightly higher than in 1949-50 but still considerably below the amount produced in 1948-49. Output in 1948-49 was 167·3 million litres. The Government Sugar and Alcohol Institute stated that the decline from 1948-49 was the result of greater internal consumption of sugar—Rio de Janeiro, September 25.

CEYLON

Rubber—Ceylon continues to sell substantial quantities of sheet rubber to Communist China and the trade has now developed to a point where, for January-June, 1952, China emerged as Ceylon's principal market for this material. The value of the business was Rs.59·4 million which compares with values for the U.K., Italy and the United States of Rs.47·4 million, Rs.28·6 million, and Rs.23·8 million respectively. Shipments to Canada were valued at Rs.9·2 million. There is no present indication of any decline in this trade with Communist China, where demand is apparently constant and substantial. The Ceylon Government at the same time maintains its policy of declining to impose destination controls on any of the country's exports. Chinese purchases, incidentally, have been made at figures somewhat in excess of world prices—Colombo, August 5.

CHILE

Beans—The production of beans in Chile, which in 1952 was 64,200 tons, has varied over the past ten years from 62 to 77 thousand tons. Production may be classified in two groups: export beans and beans for internal consumption. Rice beans, red kidney and crystal are the most important classes exported. In 1950 exports amounted to about $\frac{2}{3}$ of the total production, but in 1951 the export figure was only about $\frac{1}{4}$ of the total production—Santiago, September 19.

COLOMBIA

Fish—The first fish canning plant in Colombia was opened recently in Barranquilla with distributors throughout the Republic. The company is called Empacadora Del Prado Limitada, and among its products are canned shrimp, sardines, and mackerel—Bogotá, September 10.

PAKISTAN

Laundry Soap—Seven major factories are manufacturing laundry soap in Pakistan with an installed capacity of approximately 12 thousand tons a year. In addition, there are probably more than 400 small scale factories which between them produce large quantities. Reliable estimates assess the demand in West Pakistan for laundry soap at approximately 30 thousand tons a year, and 15 thousand tons a year in East Pakistan.

The countries supplying the largest quantities of laundry soap to Pakistan are the United Kingdom, the United States, India, the Straits Settlements, Australia, Hong Kong, and the Netherlands—Karachi, September 12.

PHILIPPINES

Lumber—The Bureau of Forestry reports that Philippines lumber production for the 1951-52 fiscal year was 1,242 million bd. ft., a decline of 7·8 million bd. ft. from the previous year's output of 1,250 million. The decrease was attributed to curtailed operations because of the decline in domestic and foreign demand. The domestic market took 996 million bd. ft., and 117,827 board feet were imported for local use—Manila, September 17.

SCOTLAND

Coal—It was stated recently that, in the national interest, the Scottish coal industry must return to an annual output of between 30 and 31 million tons, about the level of the 1920-39 period. Last year's output was 23·6 million tons. Production to the end of July this year, at 13·2 million tons, has lagged behind that of the same period in 1951 by about 63 thousand tons—London, September 28.

Textiles—Ten thousand workers are on short time or temporarily suspended in the Scottish textile industries at present. Taking a serious view of the situation, the General Council of the Scottish Trades Union Congress are holding a conference at Galashiels at the end of October to discuss the problem—London, September 20.

SWEDEN

Textiles—The situation in the Swedish textile industry has improved considerably and some factories are taking on new workers. Only a few months ago there was a slump which resulted in the cutting down of production. Ready made clothing of wool will be somewhat more expensive this autumn than last spring, but a comparison with the retail prices last autumn shows a decrease of approximately six dollars on both men's and ladies' suits—Stockholm, September 10.

VENEZUELA

Sisal—Venezuela is now producing sisal at the rate of 14 thousand metric tons a year and domestic consumption has declined to an estimated 3,000. The surplus has depressed prices from Bs.1·50 to Bs.0·65 per kilo (Cdn.\$19.75 to \$8.55 per 100 lbs.), causing the growers to petition the Government for greater protection from competing imports—Caracas, September 11.

South Africa

Report on the Economy

Natural and acquired limitations are beginning to brake the Union's extraordinary rate of progress; the economy is considered relatively sound but a pause is needed to consolidate.

JOHANNESBURG—Judging by the usual yardsticks—employment, building, railway carloadings, power consumption, national income, etc.—the South African economy has continued to be very active throughout the past twelve months. However, the effects of the natural limitations inherent in the Union's make-up, such as the shortage of water and the inadequate productive quality of the soil—plus acquired limitations, lack of money, rising money rates, shortage of labour, power, and transport which come with an economy developing at a too-fast pace—are beginning to show. More and more it is becoming clear to government, industry, and commerce that the extraordinary rate of progress achieved during the past two or three years, particularly in industry, cannot continue. A pause is needed to consolidate and to prepare the nation's finances for a possible recession, or at least a slowing up in the inflow of the overseas capital so badly needed to complete nationally important projects.

Can Overcome Limitations

There is confidence that the natural limitations to future growth can largely be overcome by conservation of water resources, and by intensive efforts to allay the dreadful soil erosion. Although little, if anything, has yet been done, a national campaign is afoot to encourage and educate farmers and other prime producers in the fight against soil erosion already endangering food production. Eventually, with the use of more fertilizers, insecticides, cattle dips and other aids to agricultural and pastoral production it is hoped to make the country much less dependent on imported foodstuffs.

With these natural difficulties are others inevitable in a young and developing economy dependent on imports for essential finished consumer goods, raw materials, capital equipment, skilled labour, and capital. The unfavourable terms of trade and gap in payments which remain uncorrected because of these limitations are likely to worsen in the immediate future unless measures to discourage non-essential imports, restrict credit and increase exports (avoiding as much as possible any injury to primary and secondary industry) are firmly applied and in some respects intensified.

According to the highest authority, the Governor of the South African Reserve Bank, the financial as well as the general economic situation in the Union is still relatively sound. In his statement at the annual general meeting of the stockholders the Governor did not play down the immediate problems and dangers the country faces, but he did finish on the optimistic note that the expanding gold production and the new uranium industry can be relied upon to keep the Union solvent. He left no doubt that the postwar period of inflation and expansion had ended, and that his hopes of stopping the payments gap and thus the drain on reserves are based somewhat on an expected recession in world economic activity. A recession would be of definite advantage to the Union's gold industry, thus helping to bring the country's foreign currency earnings in line with its restricted foreign spending.

Balance of Payments

On current account the balance of payments position at the end of the first six months of 1952 showed a further decline from the deficit of £109 million established for trading operations in 1951. By June 30 it had reached £56 million—the result of the high import level (even higher than during the first half of 1951) and also of a decline in the value of exports. As the effect of the carry-over of imports licensed for 1951 disappears, the visible payments position should improve.

Capital account showed a surplus both for the year 1951 and for the first six months of 1952. The figure for last year was £71 million, leaving a net deficit of £38 million compared with a net surplus of £71 million in 1950. For the first half of 1952 capital account estimated surplus is £40 million.

At the end of July 1952 the gold and foreign exchange holdings of the Union stood at £119·6 million, compared with £172 million at the end of March 1951. However, this steady decline is not causing concern because the present figure represents well over 70 per cent of the Reserve Bank's liabilities to the public and nearly 30 per cent of the total money supply, thus affording a good margin of security against any further deterioration in the balance of payments.

There has been a general firming of monetary rates because of a continued demand for money and credit and a steady decline in the money supply. In March the official discount rate of the Reserve Bank was raised from 3½ per cent to 4 per cent. Deposit rates were also raised by the commercial banks, the National Finance Corporation, the building societies and the Post Office Savings Bank, and the rates on Treasury Bills also were increased.

External Trade

South Africa's dependence on foreign trade is relatively large as shown by percentage figures prepared by one of the commercial banks:

	Average of exports and imports as percentage of national income 1948-51
South Africa	31·3
New Zealand	29·9
Australia	25·2
Canada	22·5
United Kingdom	20·4
United States	4·4

The value of imports in the first half of 1952 was slightly higher than for the same period last year and the export value was lower. The total for imports was £230·3 million (£229 million last year). Exports for the same period were valued at £168·4 million (£179·5 million). Despite the efforts being made to curtail imports South Africa is spending as much on them as she did in 1951, though higher prices would partly account for the unexpected size of the bill. Government purchases amounted to £11·5 million alone by mid-year, nearly twice the total for the same period last year.

As the year moved into the third quarter values were reported holding well despite a drop of nearly £18 million in the value of wool shipments. Asbestos and copper returns were satisfactory.

U.K. Best Customer

Although the United Kingdom remains South Africa's best customer, her share of the Union's market declined from 41 per cent in 1950 to 30 per cent in 1951. This decrease is matched by a substantial increase in value of her purchases from the Union, from £126·4 million in 1950 to £166·3 million in 1951. Recent statistics show that the additional inward flow of goods permitted by the relaxation of controls in 1951 served mainly to improve the relative positions of the United States, Canada, Italy, the Rhodesias, Germany, Japan, and Sweden. From 1950 to 1951 United States exports to South Africa rose from £49 million to £91 million, and the percentage of total imports from 16 to 19.

Canada, who has regularly enjoyed a large favourable balance with the Union (in the ratio of about 10 to 1 in 1951), retained her 4 per cent share of the market while increasing the value of her exports from some £13 million in 1950 to nearly £18 million in 1951. France and former enemy countries also show an impressive record.

The principal reason for the record total of imports last year was the opening of the market for textiles which arrived in huge quantities. Severe restrictions imposed early this year on imports of textiles from dollar countries have already effected a drop of £21 million in this category during the first five months. Cotton piece goods alone have fallen by £9 million.

Import Control

The general relaxation of import control in 1951 (notably on textiles) resulted in a substantial increase in imports. But the expanded imports, despite a very appreciable advance in the value of exports other than gold, brought about a deficit on current account of £109 million where there had been a surplus the year before. Nevertheless, South Africa built up supplies of much needed goods and materials at a time when future deliveries looked very uncertain.

The general tightening of control in 1952, therefore, was not unexpected, although it was less extensive than first anticipated. In September 1951 the preliminary 1952 allocation for consumer goods imports was announced as being 30 per cent of 1948 purchases. Subsequently this allocation was increased to 45 per cent of 1948 consumer goods purchases, and imports of raw materials were limited to 75 per cent of the value of

those in 1951. During 1951 consumer goods were permitted entry to the value of 60 per cent of the 1948 figure. All imports, therefore, are cut by 25 per cent in value as compared with 1951. To cover this expenditure the budget allocated £400 million, some £70 million less than the amount actually spent during 1951.

The machinery or system of import licensing remains the same. There is the prohibited list containing items of a luxury or non-essential nature; restricted consumer goods permits valid for purchases in hard and soft currency areas in the ratio of 1 to 3; and the general permits good for purchases everywhere. The restricted permits carry certain convertibility privileges for increased purchases from hard currency countries at a sacrifice of the total value of the permit, and at an even greater sacrifice, for purchase of items on the prohibited list.

During May a revised scheme for the importation of certain consumer goods came into effect. Importers of crockery, glassware, oil lamps, second hand overcoats, linoleums, battery radio sets, and greaseproof paper with restrictions as to price and overall value, were given permission to double the value of their 45 per cent quota when purchasing these items.

Dollar Textile Imports Affected

Control over imports of piece goods from hard currency sources was re-imposed in February, and these textiles may only be imported under special permits which are very difficult to obtain. In effect, this control bans dollar textiles. Piece goods may still be imported from soft currency countries under permits which are freely granted upon application accompanied by suppliers' confirmation.

In a recent announcement, the Minister of Economic Affairs said import control is likely to be more strict during 1953. Preliminary allocations of permits for next year are to be generally on the same level as those for 1952. In consumer goods the preliminary allocation is the same, 30 per cent of the 1948 imports. Raw materials, capital goods, consumable spares, etc., are to be licensed according to considered need, but every effort will be made to supply essential industries with their full requirements.

—BLAIR BIRKETT

Canadian Government Trade Commissioner

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.



GENERAL NOTES

CHILE

Antibiotic Industry Proposed—The Pfizer Company of the United States is discussing the possibility of establishing a plant in Chile for the preparation of antibiotics. Most of the raw materials would be of Chilean origin. The United States corporation is prepared to invest US\$2 million in the undertaking, in the form of equipment and laboratories—Santiago, September 12.

COLOMBIA

New Department Store—The first foreign department store in Colombia is more than half completed and is expected to open for business in February 1952. The property of the Sears Roebuck Company of Chicago, it is located in Barranquilla, third largest city in the Republic and Colombia's largest Caribbean port. Products of the country will be featured as much as possible and sold at a moderate rate of profit to help combat inflationary trends. Eventually the company plans to open branches in Bogotá and Cali as well—Bogotá, September 3.

PHILIPPINES

Cassava Substituted for Flour—The Price Stabilization Corporation has announced that, effective September 1, 1952, Republic Act 652, known as the Cassava Law, will be enforced. This law provides for graduated restrictions on imports of flour, and for the restricted amount to be replaced by locally produced cassava, sale of which will be forced on flour importers and bakery owners. For the year September 1, 1952 to August 31, 1953, $\frac{1}{2}$ of 1 per cent of the normal flour imports will be substituted. It is estimated that imports of flour for the first year will be reduced by 40 thousand bags or two million pounds. The substitution is to be increased each year until a maximum reduction of 30 per cent is made in flour imports—Manila, September 10.

SOUTH AFRICA

Selective Consumer Demand—During the first seven months of 1952 a substantial increase in the price of foodstuffs has restricted the demand for durable consumer goods. Manufacturers and wholesalers alike are feeling the pressure of increasing inventories. Retailers are relying on special sales to remove surpluses, stockists are increasing cash discounts, and manufacturers are reducing employment and

working hours. Price controls are being lifted on an increasing range of products, and export licences are being issued to move surpluses—Cape Town, September 7.

SWEDEN

Small Industries—The small industries, concerns employing less than 100 people, comprise approximately 60 per cent of Sweden's total production. According to recent statistics there are 14 thousand industries in Sweden which employ less than 10 people. The development of the small industries began during World War II when the import of many essential small technical articles was impossible. High production figures, however, have been maintained in postwar years, and it is thought that, provided foreign competitors do not make further price reductions, the small industries will hold their own on the domestic market. Many of these industries export abroad direct, and being more adaptable than larger concerns can quickly change their production to suit articles which are in demand on the world market—Stockholm, September 15.

THAILAND

Plans for Salt—Thailand's salt industry is expected to be expanded in the near future to meet the needs of a growing export trade. A special committee has been working in conjunction with a Japanese mission and has recommended a reduction in export prices through lower internal transportation costs, and also an increase in the amount of sodium chloride from 88 to 95 per cent. It is estimated that 300 thousand tons of salt per year could be produced, of which approximately 130 thousand tons could be shipped to Japan, Hong Kong, Singapore, the Federation of Malaya and Indonesia. Japan in particular has indicated a desire to increase imports of Thai salt—Singapore, September 8.

VENEZUELA

Tomato Processing Planned—The press reports that industrialists and farmers of the rich agricultural district surrounding the city of Maracay have organized a \$250 thousand company to process tomatoes. The building and canning equipment are to be ready for operation by January 1953, and will be able to handle over 15 million pounds of tomatoes a year, which will be supplied under contract by nearby growers. This development will undoubtedly increase the pressure on the Government to provide further protection for domestic producers—Caracas, September 9.

WESTERN SAMOA

Record Trade—The total trade of the Territory of Western Samoa for 1951 reached the record figure of £2.9 million. Imports at almost £1.2 million showed an increase of £100 thousand over the previous year, and exports an increase of £418 thousand. Continued high prices and larger shipments of cocoa and copra largely accounted for the record trade figures. Samoan society has shown itself remarkably adaptable to the conditions of the modern world—Wellington, September 10.

TRADE AND TARIFF REGULATIONS

COLOMBIA

Prohibited Imports—On September 4, the Colombian Exchange Control Office issued an up-to-date list of the products which are prohibited importation into Colombia.

This list is now on file in the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. Information on the treatment of any specific commodity will be supplied on request—Bogotá, September 17.

CUBA

Trade Mark Registration—The Cuban Ministry of Commerce has reminded holders of registered trade marks in Cuba of their right to renew their registrations. These expire every 15 years. The renewal application must be filed within a year before the expiry date—Havana, September 30.

GERMANY

Potato Tariff Temporarily Suspended—The German Government has announced that, for the period ending December 31, 1952, the normal duty of 20 per cent ad valorem applicable to potatoes for human consumption is to be suspended. Also, the quantity for industrial distilling has been limited to 80 per cent of the amount used during 1951-52. Potatoes imported for industrial use are already free from duty and are on the liberalized list among OEEC countries. These measures have resulted from the outlook for this year's domestic potato crop which, unofficial estimates suggest, may be as much as 15 per cent below the 24 million tons harvested in 1951.

During 1951-52 approximately 9 million tons of the potato crop were used for human food and various industrial uses, the balance entering livestock feeding. Imports of 120 thousand tons are expected during the period of tariff suspension. Agricultural officials foresee a need to supplement potato supplies by increasing food grain imports. Although this may require an upward revision of Germany's earlier estimate of feed grain import requirements during 1951-52, which was 1.5 million tons, there has been no official indication to this effect—Bonn, October 8.

GOLD COAST

Flour Import Licences Available—A notice published in the Gold Coast Gazette Extraordinary of September 9, 1952, advised that import licences will be issued to cover 1953 imports of flour from the United States and Canada. Applications for licences must be made by the importer in the manner prescribed in the Gazette, and the closing date for the receipt of such applications is November 15, 1952.

There is no indication to what extent licences will be issued but, since applications which are received after the closing date will receive no consideration, Canadian exporters are advised to complete arrangements with their customers in the Gold Coast as soon as possible. Exporters are also warned that they should not arrange for goods to be shipped to the Gold Coast until they are advised by the importer that an import licence has been issued.

JAPAN

Duties, Taxes on Gift Parcels—The Japanese Government has announced that, effective October 1, gift packages addressed to the Japanese people from abroad will be subject to customs duties and consumer's tax if containing goods worth more than 1,500 yen (approximately \$4 Canadian) or if the tax estimation amounts to 300 yen (80 cents) or over. This replaces the previous regulation that gift packages weighing up to 22 pounds are exempt from duty, which has been in force since the end of the war—Tokyo, October 3.

UNITED STATES

Potato Import Quota Increased—The United States Bureau of Customs announced on September 29 that the annual import quota of white or Irish potatoes, other than certified seed potatoes, entitled to entry at 37½ cents per 100 pounds for the 12-month period beginning September 15, 1952, has been set at 13,315,000 bushels.

Imports in excess of the quota are subject to a duty of 75 cents per 100 pounds.

In comparison, the low-rate quota for the period which ended on September 14 last was set at 4,160,000 bushels.

VENEZUELA

Trade Agreement with Canada Renewed—The trade agreement between Canada and Venezuela was again renewed on October 11, 1952, for one year from that date. This agreement was signed originally on October 11, 1950, and was renewed on October 11, 1951.

Canadian exports to Venezuela were approximately \$27 million in 1951 and have reached \$25 million in the first eight months of 1952. Canadian imports from Venezuela were \$137 million in 1951 and are approximately \$86 million for eight months of 1952.

By virtue of our trade agreement with Venezuela, Canadian exports benefit from the reduced tariff rates on a wide range of products included in the new United States-Venezuela Trade Agreement which was signed on August 29, 1952.

A complete list of the products included in the new United States-Venezuela agreement is available from the International Trade Relations Branch—Caracas, October 14.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay, Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies Australia (Victoria, South Australia, Western Australia, Tasmania)	C. M. Croft, Commercial Counsellor for Canada R. W. Blake, Commercial Secretary for Canada and Agricultural Secretary	City Mutual Life Building, 60 Hunter Street, SYDNEY 83 William Street, MELBOURNE	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boite Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	T. J. Monty, Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
Brazil	C. R. Gallow, Commercial Secretary	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140
Brazil	C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
Ceylon	Paul Sykes, Canadian Government Trade Commissioner	Galle Face Hotel, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO Calle 19, No. 6-39, BOGOTA	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner		<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
Cuba	A. W. Evans, Commercial Secretary	Canadian Embassy, Avenida de las Misiones 17, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> M-9839
Dominican Republic Haiti, Puerto Rico	R. E. Gravel, Canadian Government Trade Commissioner	Edificio Copello, CIUDAD TRUJILLO	<i>Mail:</i> Apartado 451 <i>Cable:</i> CANADIAN
Egypt Aden, Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Saudi Arabia	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
France Algeria, French Morocco, French West Africa, Tunisia	J. P. Manion, Commercial Counsellor for Canada	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor	Canadian Embassy, 22 Zitellmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES OFFICE TELEPHONE
Germany	Wm. Van Vliet, Agricultural Secretary	Canadian Embassy, 22 Zitelmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927
Greece Israel, Turkey	H. W. Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 72-853
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner	28, 5a Avenida Sud, GUATEMALA CITY	<i>Mail:</i> P.O. Box 400 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5590
Hong Kong China, Indo-China, Macau, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	<i>Mail:</i> P.O. Box 126 <i>Cable:</i> CANADIAN <i>Tel.:</i> 28336
India	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	<i>Mail:</i> P.O. Box 11 <i>Cable:</i> CANADIAN <i>Tel.:</i> 40191
India Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 20672
Ireland	Acting Commercial Secretary for Canada	66 Upper O'Connell St., DUBLIN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 44251
Italy Libya, Malta, Yugoslavia Italy	S. G. MacDonald, Commercial Counsellor C. F. Wilson, Agricultural Counsellor	Canadian Embassy, Via Saverio Mercadante 15, ROME	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 80-842
Italy	M. S. Strong, Commercial Secretary (Fisheries)		
Jamaica Bahamas, British Honduras	M. B. Palmer, Canadian Government Trade Commissioner	Canadian Bank of Commerce Chambers, KINGSTON	<i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2858
Jamaica	E. M. Gosse, Canadian Trade Commissioner (Fisheries)		
Japan Korea	J. C. Britton, Commercial Secretary	Canadian Embassy, TOKYO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 48-4116
Mexico	M. T. Stewart, Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D.F.	<i>Mail:</i> Apartado 126-Bis <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-27-90
Netherlands	J. A. Langley, Commercial Counsellor	Canadian Embassy, Sophialaan 1-A, THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
Netherlands Belgium, Denmark, Luxembourg	Acting Agricultural Secretary		
New Zealand Fiji, Western Samoa	P. V. McLane, Commercial Counsellor	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	<i>Mail:</i> P.O. Box 1660 <i>Cable:</i> CANADIAN <i>Tel.:</i> 70-644
Norway Denmark, Greenland	J. L. Mutter, Commercial Secretary	Canadian Legation, Fridtjof Nansens Plass 5, OSLO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-30-80
Pakistan Afghanistan, Iran	A. P. Bissonnet, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	<i>Mail:</i> P.O. Box 531 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5826

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES OFFICE TELEPHONE
Peru Bolivia	H. J. Horne, Acting Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	<i>Mail:</i> Casilla 1212 <i>Cable:</i> CANADIAN <i>Tel.:</i> 39150
Philippines	F. H. Palmer, Consul General of Canada and Trade Commissioner	Tuason Building, 8-12 Escolta, MANILA	<i>Mail:</i> P.O. Box 1825 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-33-35
Portugal Azores, Madeira	L. M. Cosgrave, Commercial Counsellor	Canadian Legation, Rua Rodrigo da Fonseca 103, LISBON	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 53117
Singapore Brunei, Federation of Malaya, Indonesia, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room D-5, Union Building, SINGAPORE	<i>Mail:</i> P.O. Box 845 <i>Cable:</i> CANADIAN <i>Tel.:</i> 7739
South Africa (Natal, Transvaal) Southern Rhodesia, Northern Rhodesia, Nyasaland, Mozambique Kenya, Tanganyika, Uganda, Zanzibar	C. B. Birkett, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 715 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2628
South Africa (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	K. F. Noble, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangiers	E. H. Maguire, Canadian Government Trade Commissioner	70 Avenida Jose Antonio, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 21-41-13
Sweden Finland	Acting Commercial Secretary	Canadian Legation, Strandvagen, 7-C, STOCKHOLM	<i>Mail:</i> P.O. Box 14042 <i>Cable:</i> CANADIAN <i>Tel.:</i> 67-92-15
Switzerland Austria, Czechoslovakia, Hungary	Yves Lamontagne, Commercial Counsellor	Canadian Legation, Thunstrasse 95, BERNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 4-59-17
Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	T. G. Major, Canadian Government Trade Commissioner	Colonial Building, 72 South Quay, PORT-OF-SPAIN	<i>Mail:</i> P.O. Box 125 <i>Cable:</i> CANADIAN <i>Tel.:</i> 4787
United Kingdom (South of England, East Anglia, Scotland), Iceland, British West Africa (Gambia, Gold Coast, Nigeria, Sierra Leone)	R. P. Bower, Commercial Counsellor R. Campbell Smith, Commercial Secretary	Office of the High Commissioner for Canada, Canada House, Trafalgar Square, LONDON, S.W.1	<i>Mail:</i> (City Address) <i>Cable:</i> SLEIGHING <i>Tel.:</i> Whitehall 8701
United Kingdom	D. A. B. Marshall, Commercial Secretary (Agricultural)		
United Kingdom	R. D. Roe, Commercial Secretary (Timber)		<i>Cable:</i> TIMCOM

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES OFFICE TELEPHONE
United Kingdom (Midlands, North England, Wales)	M. J. Vechsler, Canadian Government Trade Commissioner	Martins Bank Building, Water Street, LIVERPOOL	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Central 0625
United Kingdom (Northern Ireland)	Acting Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	<i>Mail:</i> (City Address) <i>Tel.:</i> 21867
United States Delaware, Maryland, Virginia, West Virginia	J. H. English, Commercial Counsellor	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON, 6, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> DEcatur 1011
United States	Dr. W. C. Hopper, Agricultural Counsellor		
United States (Connecticut, New Jersey, Pennsylvania, eastern New York State), Bermuda	A. E. Bryan, Deputy Consul General of Canada and Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUdson 6-2400
United States	M. B. Bursey, Consul of Canada and Trade Commissioner (Fisheries)		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	G. S. Patterson, Consul General of Canada	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> HANcock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	D. S. Cole, Consul General of Canada	Canadian Consulate General, Chicago Daily News Bldg., 400 West Madison Street, CHICAGO 6	<i>Mail :</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> STate 2-7312
United States (Michigan, Ohio, western New York State)	B. C. Butler, Consul of Canada and Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, DETROIT, 26	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> WOodward 5-2811
United States (City of Los Angeles, Southern California, Arizona)	V. E. Duclos, Canadian Government Trade Commissioner	510 West Sixth Street, LOS ANGELES 14	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> VAndike 7114
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	G. A. Newman, Consul of Canada and Trade Commissioner	Canadian Consulate, 201 International Trade Mart, NEW ORLEANS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> RAYmond 2136
United States (Northern California, Montana, Oregon, Idaho, Washington, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Acting Consul General of Canada	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> SUtter 1-3039
Venezuela Netherlands Antilles	J. A. Stiles, Consul of Canada and Trade Commissioner	Canadian Consulate General, Edificio Pan American, Puente Urapal, CARACAS	<i>Mail:</i> Apartado 3306 <i>Cable:</i> CANADIAN <i>Tel.:</i> 55818
Venezuela Colombia	Vice-Consul of Canada and Acting Agricultural Trade Commissioner		

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.041.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 9	Notes (See below)
Argentina	Peso	Preferential buying	·1289	
		Basic buying	·1933	(1)
		Preferential selling	·1933	
		Basic selling	·1289	
		Free	·0695	
Austria	Schilling .....	.....	·0452	
Australia	Pound .....	.....	2·1150	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	·0193	
Bolivia	Boliviano	Official	·0161	tax 5% (1)
		Differential	·0096	tax 3% (2)
British West Indies (except Jamaica)	Dollar .....	.....	·5612	
Brazil	Cruzeiro .....	.....	·0522	tax 8% (2)
Burma	Kyat .....	.....	·2020	
Ceylon	Rupee .....	.....	·2030	
Chile	Peso	Official	·0311	(1)
		Commercial	·0161	
		Free	·0076	
Colombia	Peso	Basic	·3866	tax 3% (2)
		Coffee Buying	·4275	
Costa Rica	Colon	Official	·1725	(3)
		Free	·1446	*Aug. 29
Cuba	Peso .....	.....	·9666	tax 2%
Czechoslovakia ...	Koruna .....	.....	·0193	
Denmark	Kroner .....	.....	·1399	
Dominican Republic	Peso .....	.....	·9666	
Ecuador	Sucre	Official	·0644	(4)
		Free	·0555	
Egypt	Pound .....	.....	2·7755	
Fiji	Pound .....	.....	2·4268	
Finland	Markka .....	.....	·0042	
France	Franc .....	.....	·00276	
French Africa ...	Franc .....	.....	·00555	
French Pacific Ter.	Franc .....	.....	·01525	
Germany	Mark .....	.....	·2301	
Greece	Drachma .....	.....	·000064	
Guatemala	Quetzal .....	.....	·9666	
Haiti	Gourde .....	.....	·1933	
Honduras	Lempira .....	.....	·4833	
Hong Kong	Dollar	Free	·1512	*Sept. 8
Iceland	Kronur	Official	·0593	
		Special buying	·0456	
		Special selling	·0371	
India	Rupee .....	.....	·2030	
Indonesia	Rupiah	Basic	·0848	
		With Surcharge I	·0424	(5)
		With Surcharge II	·0283	
		Dollar certificate	·0018	*Sept. 15

* Latest available quotation date.

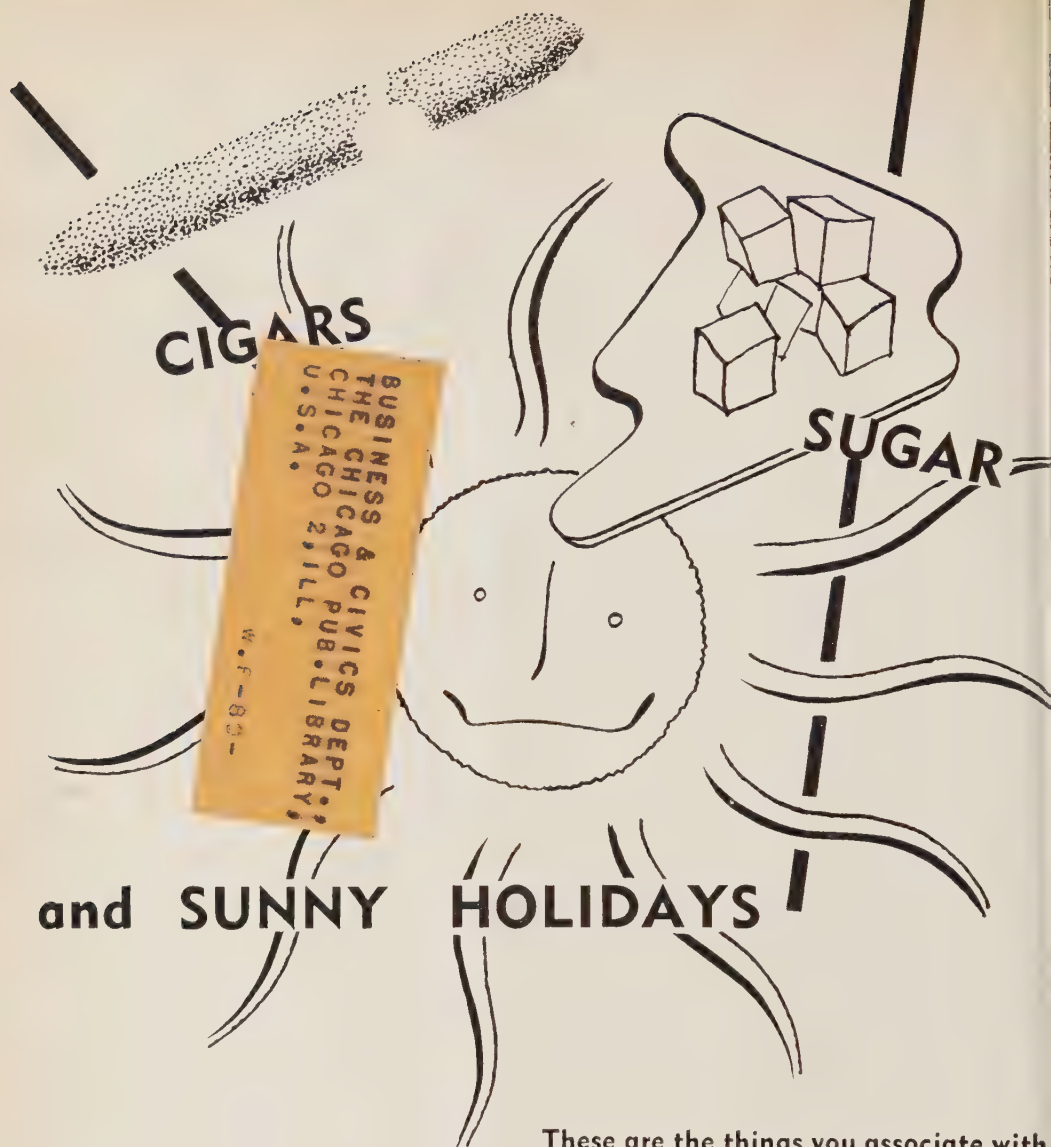
Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 9	Notes (See below)
Iran	Rial	Certificate I	·01265	*Aug. 29
Iraq	Dinar	Certificate II	·01233	*Aug. 29
Ireland	Pound		2·6937	
Israel	Pound	Basic	2·6937	
		Special	2·7064	
		Investment	1·3532	
Italy	Lira		·9666	
Jamaica	Pound		·00155	
Japan	Yen		2·6937	
Lebanon	Pound	Free	·0027	
Luxembourg (See Belgium)			·2701	*Aug. 29
Mexico	Peso		·1117	
Netherlands	Guilder		·2544	
Netherlands Antilles	Guilder		·5125	
New Zealand	Pound		2·6937	
Nicaragua	Cordoba	Effective buying	·1464	(6)
		Official selling	·1371	
		With Surcharge I	·1201	
		With Surcharge II	·0962	
Norway	Kroner		·1353	
Pakistan	Rupee		·2921	
Panama	Balboa		·9666	
Paraguay	Guarani	Basic	·0644	(1)
		With Surcharge I	·0460	(7)
		With Surcharge II	·0322	
Peru	Sol		·0627	
Philippines	Peso		·4833	tax 17% (2)
Portugal	Escudo		·0337	
El Salvador	Colon		·3866	
Singapore & Malaya	Straits dollar...		·3143	
South Africa (Union of)	Pound		2·6937	
Spain & Dependencies ...	Peseta	Basic buying	·0441	
		Basic selling	·0861	(1)
		Free	·0244	
Sweden	Kronor		·1868	
Switzerland	Franc		·2255	
Syria	Pound		·2710	*Sept. 11
Thailand	Baht	Official	·0773	(1)
		Free	·0540	*Aug. 29
Turkey	Lira		·3452	
United Kingdom..	Pound		2·6937	
United States	Dollar		·9666	
Uruguay	Peso	Official	·6363	
		Basic buying	·5430	
		Special buying	·4113	(1)
		Basic selling	·5087	
		Special selling	·3945	
Venezuela	Bolivar		·2885	(8)
Yugoslavia	Dinar		·0032	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

See Foreign Trade of October 11, for additional explanatory notes.



and **SUNNY HOLIDAYS**

These are the things you associate with Cuba. But did you ever think of Cuba as a market for your products?

read the October 25 issue

the new

of

foreign trade

featuring

the **CUBAN MARKET**

foreign trade

OCTOBER 25, 1952



OTTAWA
CANADA



The Cuban Market
... opportunities for exporters

Cuba . . . and Canadians

The second of our reports on particular markets for Canadian products comes from Cuba—the “Pearl of the Antilles”, largest island of the West Indies group.

Cuba, with its 5½ million people, is not one of Canada's biggest customers. Last year it ranked 20th in our total trade. But the potential is there. In 1947, our sales to Cuba reached \$7·5 million . . . in 1951, \$20·4 million. And for the first seven months of this year they have already touched \$15·5 million.

The bulk of these sales were of products traditional to the Antilles trade—wheat and wheat flour, salt cod, seed potatoes, newsprint. Yet that is only part of the story. Cuba is buying manufactured products . . . raw materials for the secondary industries she is striving to build up . . . combines, tractors and fertilizers to make agriculture more efficient. These are things which Canadian exporters are ready and eager to supply—and Cuba has the dollars to pay for them.

Those dollars come from the sale of the world's largest sugar crop. Only when the sugar harvest is bountiful and the selling price high does Cuba prosper. In contracting for 75 thousand tons of this sugar a year, Canada has again recognized the essential fact that one must buy in order to sell.

Every market has hurdles to be surmounted. Canadians who wish to sell in Cuba must recognize the dominant role of the United States in Cuban trade, and the preferential tariffs which the U.S. enjoys. The last few years have, however, brought a lowering of these barriers. Today there is scope for other traders in many lines.

Here, then, is a realistic review of the Cuban market as our Trade Commissioners in Havana see it—and of the sales opportunities there for the enterprising exporter.

—The Editor.



foreign trade

L. 12 OTTAWA, OCTOBER 25, 1952. NO. 304

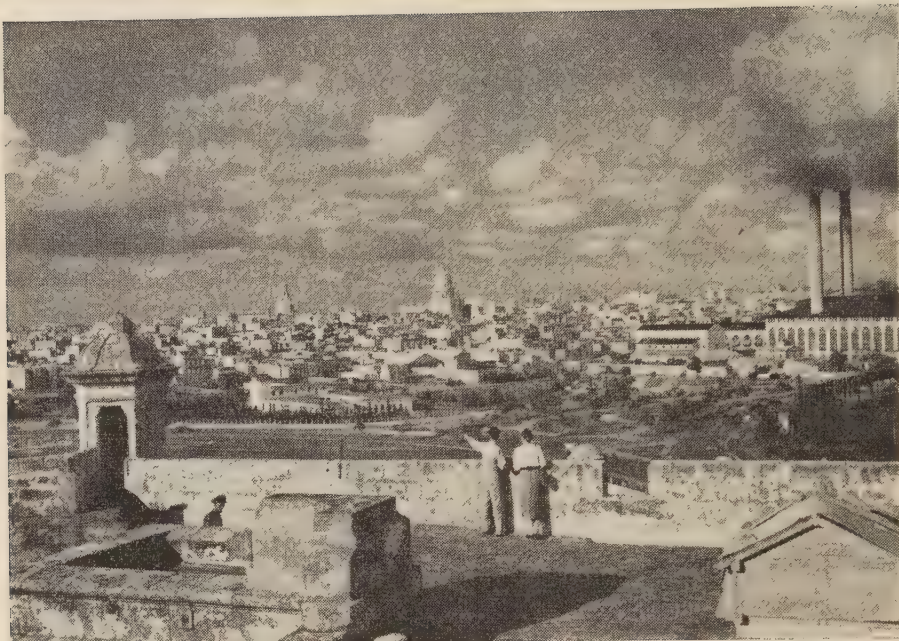
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ER . . . These bundles
ar cane starting their
to the mills are the key
Cuban economy, where
reigns supreme. Last
Cuba exported over 5½
long tons of sugar, the
f which brought the
more than \$631.5
U.S.

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—Cuban Tourist Commission.

Havana, Cuba's capital and principal port, seen from Atares Castle.

Cuba Buys Canadian Products

HAVANA—Seven years ago, Cuba bought from Canada \$4½ million worth of goods. Last year, sales mounted to over \$20 million. And that could be just the opening chapter in a trade “success story”, because Cuba, with a population of about 5½ million, imported \$492 million worth of products from the United States alone in 1951.

No exchange controls and import restrictions hedge in this market, and substantial reductions in the preferential tariff margin accorded to the United States mean brighter prospects for Canadian exporters. Tariff concessions gained through GATT have also helped.

Cuba's exports to Canada, on the other hand, have not maintained a steady upward climb. During 1949 and 1950 they fell off drastically. But in 1951, Canada and Cuba entered into a trade agreement whereby Canada undertook to buy 75 thousand short tons of Cuban sugar a year, in return for certain trade concessions. (For details, see story on page 24.) Since then, Cuba has again become an important source of supply for Canada.

Cuba is the world's largest exporter of sugar, and during 1951 exported sugar and by-products to the value of \$675 million. Although at the present time sugar is in surplus supply, mainly because of import restrictions imposed by many consuming countries, the long-run outlook is excellent. For the first time in many years, Cuba is restricting the forthcoming crop to five million long tons. This, however, compared with

the average prewar crop of under three million long tons, should not have any untoward economic repercussions and the country should remain relatively prosperous.

Cuba has made great strides in developing domestic food supplies. The country now has a large beef cattle and dairy industry and grows considerable quantities of rice. Secondary industries have developed only slowly, but there has been progress. One evidence is the opening this year of a flour mill, which will supply a large proportion of the country's needs, and of a detergents factory. In addition, during the past two years the Cuban Government has been laying the basis for future development. Completed and under construction are such necessary public works as new roads, bridges, waterworks, cold storage facilities, dredging, improvement of harbour facilities, erection of granaries, etc.

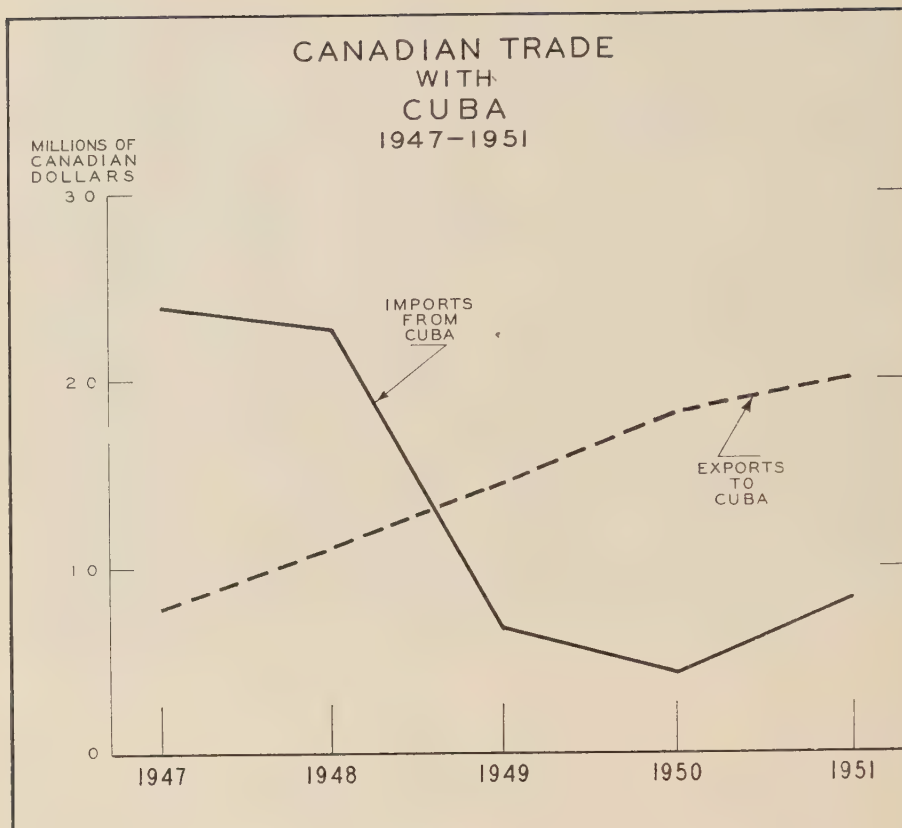
Guide to Market

The following selected list of Cuban imports, based on 1950 figures (the latest available) may serve as a guide to the Cuban market:

Selected List of Cuban Imports, 1950

(1 Cuban peso equals US\$1.00)

Commodity	Metric tons	Cuban pesos	Principal supplier	Import controls where applicable
Wheat	2,051	159,955	U.S.A.	Prior licence against quota
Wheat flour	143,085	14,277,442	U.S.A.	ditto.
Malted barley	15,727	2,258,767	U.S.A.	
Oil cake and meal	7,858	615,771	U.S.A.	
Linseed oil	1,685	654,016	Canada	
Seed potatoes	3,538	220,740	Canada	Permit Agriculture Department.
Bloaters	641	147,452	Norway	
Codfish	10,567	4,245,215	Canada	
Canned sardines, not boned	5,327	1,928,175	U.S.A.	
Leather	664	2,255,789	U.S.A.	
Live poultry, including baby chicks	717	436,785	U.S.A.	
Hams, including canned...	1,507	1,836,246	U.S.A.	
Butter	523	749,077	U.S.A.	
Condensed milk	5,280	1,401,705	Netherlands	
Evaporated milk	10,065	2,372,055	U.S.A.	
Powdered milk	461	248,878	U.S.A.	
Eggs in the shell (dozen)	2,471,385	927,028	U.S.A.	
Plywood	2,286	720,044	Dutch Guiana	
Lumber (rough sawn pine)	111,179	5,214,784	U.S.A.	
Wood pulp	20,127	1,666,464	Sweden	
Kraft wrapping paper	3,812	612,583	U.S.A.	
Manilla paper	1,988	503,447	U.S.A.	
Newsprint	32,227	4,180,458	Canada	
Chrome papers	3,784	1,103,344	U.S.A.	
Motors, all kinds (units) ..	12,895	1,671,388	U.S.A.	
Farm machinery, implements and parts, including tractors .....	....	7,810,608	U.S.A.	
Automotive accessories ...	3,062	3,465,777	U.S.A.	
Copper wire	2,401	1,804,357	U.S.A.	
Copper tubing	892	674,167	U.S.A.	
Glass containers	26,156	3,699,792	U.S.A.	
Pharmaceutical preparations and drugs	3,215	12,263,736	U.S.A.	
Fertilizers	13,776	872,456	U.S.A.	
Paints, pigments, lacquers, powdered colours	6,432	2,797,183	U.S.A.	
Calcium carbide	3,909	358,799	Canada	
Refrigerators (units)	45,872	6,497,278	U.S.A.	



—Dominion Bureau of Statistics.

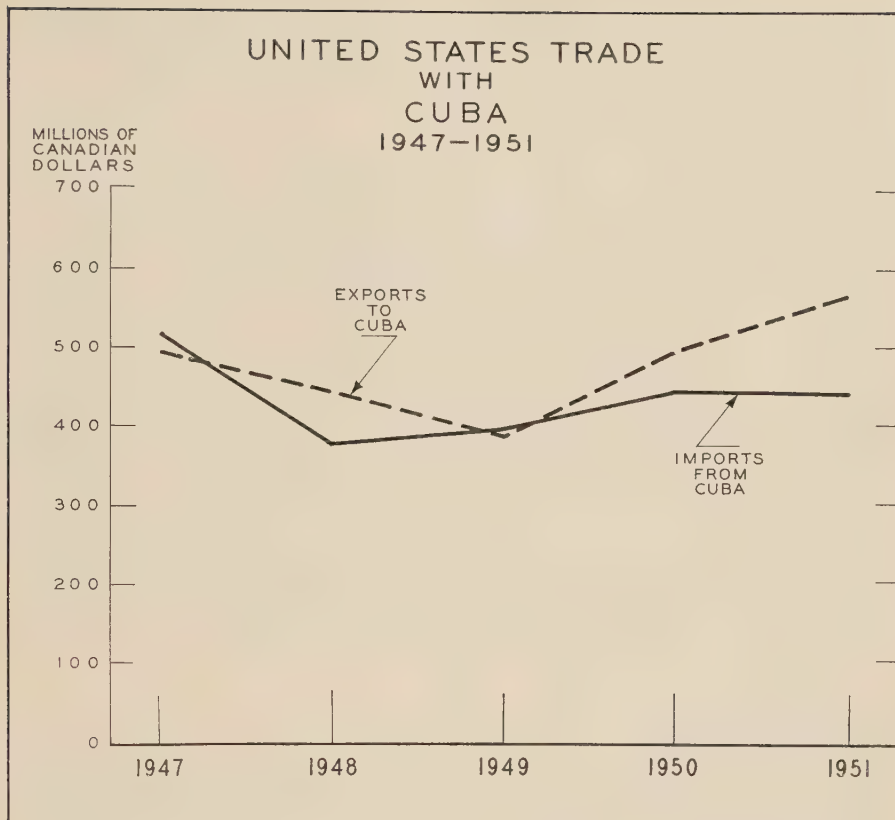
Total Cuban imports for 1951 reached \$640 million, some 24 per cent over 1950 and six times the value of imports in 1939. The leading groups of imports were:

Cuban Imports by Commodity Groups

(millions of Cuban pesos)
(one Cuban peso equals US\$1.00)

	1939	1945	1950	1951
Stones, earths, minerals, glass and ceramics....	11.1	20.5	50.3	61.2
Metals and manufactures thereof	9.9	19.4	40.5	59.4
Substances employed in the pharmaceutical and chemical industries	11.8	26.9	49.6	62.1
Cotton and manufactures thereof	11.1	17.6	35.5	34.4
Vegetable fibres, including rayon, and manufactures thereof	7.7	19.8	45.8	37.6
Wool, hair, bristles and manufactures thereof ...	1.2	2.1	1.7	2.4
Silk and manufactures thereof	.4	.08	.1	.1
Paper and manufactures thereof	4.7	11.7	20.2	28.7
Wood and other vegetable products, and manufactures thereof	2.4	4.4	8.8	10.3
Animals and by-products	2.2	4.0	5.4	4.6
Machinery, instruments, apparatus and vehicles	10.9	17.9	90.6	127.2
Foodstuffs and beverages	26.4	81.2	148.5	191.8
Tobacco and manufactures	.1	.3	.9	1.2
All other commodities	5.3	12.5	16.4	18.5
Totals	105.8	238.9	515.0	640.2

Proximity to the United States and its preferential tariff margin has made that country Cuba's chief supplier, and U.S. type merchandise is



—Dominion Bureau of Statistics.

favoured. The tariff negotiations previously mentioned are, however, aiding other supplying countries to increase their share of the market.

Agency Arrangements

Cuba has only one city of over a million people—the capital, Havana. The second largest city, at the far eastern end of the Island, is Santiago de Cuba, with about 200 thousand people. Most agencies are placed with firms in Havana who cover the other parts of the country, including Santiago de Cuba, through sub-agents. Bulk products such as dried salt fish and flour are an exception to this rule. For them, in most cases, direct agencies are held in Santiago de Cuba to cover the eastern end of the Island. However, the practice varies with the product.

Although Cuba is facing a real problem with the first sugar surplus in many years, future prospects in this market are excellent. There appears little doubt that exports of sugar will continue to be much higher than they were prewar. The preferred position given Cuba in the U.S.—where about half of Cuba's crop has an assured sale at prices higher than present ones in the world market—provide a definite cushion against any really drastic economic reverses.

—A. W. EVANS
Commercial Secretary for Canada

CHEMICALS

- *Prospects good for zinc oxide, phosphorus, copper sulphate.*
- *United States is leading chemicals supplier.*
- *Germany making strong bid for business again.*

IMPORTED chemicals play a vital role in Cuban industry. The all-important sugar industry consumes, directly or indirectly, considerable quantities of varied types. Other industries—including soap, textiles, rayon, rubber goods, fertilizers, pharmaceuticals-chemicals and tanning—depend in varying degrees on a still wider range of imported chemicals. Most of them have been purchased from the United States, mainly because of proximity, price, steady supplies, and tariff preference. The latter, in fact, is the chief obstacle to greater Canadian participation in this market. Europe, and especially Germany, is again making a strong bid for a share of the business.

Sulphuric Acid Manufactured

Production of industrial chemicals is comparatively recent and limited in scope. In sulphuric and hydrochloric acids Cuba is practically self-sufficient. There are three manufacturers of sulphuric acid, all using the contact process and obtaining their raw sulphur from the United States. The first two plants, together producing roughly 85 tons per day, use their entire production themselves, although occasionally they sell small amounts. The third plant, producing approximately ten tons of sulphuric acid a day, sells the entire production on the domestic market. This plant also produces chlorine, hydrochloric acid, sodium hydroxide, sodium hypochlorite, potassium sulphate and inhibited acid for cleaning evaporators.

The price at which sulphuric acid is sold to the Cuban consumer is extremely high—the result of a strong protectionist policy favouring the one local plant producing this chemical for sale. This keeps costs high in the various Cuban industries which rely on sulphuric acid as a fundamental raw material. It has also discouraged the establishment of a number of new industries.

Only enough caustic soda is produced in Cuba to meet a fraction of requirements. Informed sources tell of plans to increase production of the liquid form substantially within the next several years. Cuban production is all in the liquid form (37 per cent Na_2O) and totals over one million kilos a year. Imports for the last three years have run at roughly ten million kilos a year. Two-thirds of the imports have been in liquid form (mainly 50 per cent solution, 37 per cent Na_2O) and the remainder solid (76 per cent Na_2O).

Caustic Soda

Practically all imports of caustic soda come from the United States, with very limited amounts from Great Britain, because of lower prices for solid caustic.

Imports

1949	1950	1951	1952 (6-mos.)
6,204,421 kilos	10,041,226 kilos	8,318,839 kilos	2,750,995 kilos

The principal users of liquid caustic are the rayon plant at Matanzas and the various soap manufacturers. Caustic soda in solid form is used in the sugar mills for cleaning. In flake form, it goes to different industries such as bottling plants. Some companies import their requirements direct; others buy through local distributors.

Sales prospects for Canadian caustic appear poor. Liquid caustic is imported in tankers and barges at a low ocean freight. Furthermore, caustic soda producing plants in the southern United States are very close to Cuba.

Aluminum Sulphate

This duty-free product is used mainly in aqueducts and by paper mills. Bulk of imports come from the United States; the iron-free type is bought from Germany, because of lower prices.

Imports

1949	1950	1951	1952 (6-mos.)
1,315,458 kilos	1,647,382 kilos	1,113,219 kilos	546,752 kilos

To date, Canadian prices have not been competitive. Entry into this market is not worthwhile unless prices are competitive or unless an iron-free product, required by the paper mills, can be offered at a price equal to or less than that of German producers. Aluminum sulphate is usually sold on sight draft, documents on payment, directly to paper mills and large aqueducts. It is also sold locally through agents and distributors.

Zinc Oxide and Phosphorus

Principal suppliers of zinc oxide are the United States, Canada, Germany, the United Kingdom and Mexico.

Imports

1949	1950	1951	1952 (6-mos.)
944,157 kilos	1,205,521 kilos	1,102,082 kilos	439,282 kilos

End users are paint manufacturers, druggists, the rayon plant, and plants turning out rubber products.

Canada should be a good source of supply and if prices are competitive, Canadian exporters should have a definite advantage over European ones on what is classified as impure zinc oxide. This pays a low rate of duty. High grades of 99.9 per cent are classified in the Cuban customs tariff as pure and pay a high duty, with a preferential US\$2.20 per 100 kilos in favour of the U.S. product. Terms of payment acceptable to the Cuban importers are sight draft, cash against documents.

The principal suppliers of phosphorus are the United States and Canada. Imports from the United States receive the preferential rate of 0.035 cents a kilo, compared with 0.05 cents a kilo on similar imports from Canada.

Imports

1949	1950	1951	1952 (6-mos.)
36,501 kilos	48,699 kilos	41,480 kilos	25,767 kilos

Imported phosphorus is used by the local match industry. This industry (which is over-expanded because of the continued operation of marginal producers) manufactures over 200 million boxes of fifty a year, mainly of the waxed paper types. All the essential raw materials are imported.

Copper Sulphate

This commodity, needed to make agricultural fungicides and to a limited extent in water treatment, is principally obtained from the United States. Entry into Cuba is duty-free.

Imports

1949	1950	1951	1952 (6-mos.)
82,943 kilos	219,935 kilos	179,799 kilos	48,284 kilos

Trichlorethylene

Because imports of trichlorethylene are classified under a general heading, actual figures are not available. The principal end users are the textile manufacturers and the innumerable dry cleaning establishments.

Imports come mainly from the United States, though limited quantities have been purchased from a Canadian subsidiary of a U.S. firm. The United States product enjoys a tariff preference of US\$2.20 per hundred kilos.

Acetic Acid

All imports come from the United States.

Imports

1949	1950	1951	1952 (6-mos.)
32,330 kilos	39,093 kilos	40,208 kilos	5,623 kilos

Acetic acid is used in the photographic, textile and vinegar industries. It is impossible to compete with the United States in this product, because the product itself is worth only about US\$0.12 per pound but carries a duty of US\$0.35 per kilo for imports from the U.S. in contrast to US\$0.50 per kilo for the Canadian equivalent. By the time the importer pays the 9 per cent tax, based on the duty-paid value, the difference on the landed cost based on equal f.a.s. prices amounts to about US\$0.09 per pound.

Acetone and Alcohol

The consumption of acetone is not very great. Principal imports are from the United States. With the conclusion of the bilateral trade agreement between the United Kingdom and Cuba in September 1951, the previous tariff preference in favour of acetone imports from the U.S. was eliminated. The more important users in Cuba include the lacquer and solvent industries.

Imports

1949	1950	1951	1952 (6-mos.)
27,765 kilos	81,271 kilos	65,194 kilos	40,828 kilos

Cuba is a large exporter of alcohol. The only type imported is wood alcohol (methanol) which must comply with Cuban specifications. Imports are made in both tank cars and drums for use in distilleries, varnish and paint plants, and the lacquer industry. The United States enjoys no tariff preferential on this product.

Imports

1949	1950	1951	1952 (6-mos.)
281,474 kilos	368,192 kilos	412,849 kilos	134,268 kilos

—W. R. VAN

Assistant Commercial Secretary for Canada

VEGETABLE AND OTHER OILS

- *Cuba purchases many types of vegetable oils.*
- *Essential and fish oils also sell well.*
- *Linseed oil, cod liver oil best Canadian prospects.*

CUBA imports large quantities of vegetable oils, both for food purposes and for use in industries such as paint manufacture and soapmaking. The types most frequently purchased are coconut, soybean, olive, sesame, cottonseed, palm, linseed and castor oils, two of which are of interest to Canada. The country produces all its own peanut oil but the price is exceedingly high.

Linseed Oil

During the last three years Canada has been the largest single supplier of this commodity, with the United States in second place. Other suppliers of lesser importance are Belgium and the Argentine. The boiled type constitutes the majority of imports. Imports of U.S. origin are normally made by tank car from West Palm Beach, Florida; imports from Canada and Europe in drums. The firmness of the Canadian dollar during the last few months has led to heavier imports from the United States, to the detriment of the Canadian trade.

Although Cuban paint factories are the chief end users, many other industries which require a vegetable oil buy small amounts. The Cuban branch of Sherwin-Williams is by far the largest single importer and consumer. This factory imports the oil in tank cars from sellers in the United States. Imports for re-sale are distributed largely by hardware stores throughout the country.

IMPORTS

1949	1950	1951	1952 (6-mos.)
1,160,332 kilos	1,853,843 kilos	1,311,103 kilos	528,599 kilos

The tariff preferential favouring U.S. exporters to this market over all other sources, including Canada, amounts to US\$0.10 per 100 kilos. This

product is usually handled on a commission basis by local agents conversant with the trade. Usual terms are sight draft, documents on payment.

Soybean Oil

Cuba imports large quantities of soybean oil, entirely from the United States, because of the extremely high tariff preferential. American imports are subject to a duty of US\$1.95 per 100 kilos; similar imports from other countries, including Canada, to a duty of US\$10.00 per 100 kilos.

Most of this soybean oil is for human consumption; is made into edible oils and fats. The soybean, experts say, should grow well in Cuba and the Cuban Ministry of Agriculture is taking a greater interest in the possibility of local production. However, interest in this product has risen and fallen over a long period so it is difficult to predict whether any concrete results will be achieved.

IMPORTS			
1949	1950	1951	1952 (6-mos.)
4,178,860 kilos	5,726,199 kilos	5,940,188 kilos	2,794,273 kilos

Essential Oils

In addition, Cuba uses a large number of oils to prepare perfumes and flavours. Practically all imports come from the U.S.

IMPORTS			
1949	1950	1951	1952 (6-mos.)
164,137 kilos	148,242 kilos	201,796 kilos	70,133 kilos

Cod Liver Oil

Scandinavian countries, especially Norway, supply most of this product. The United States has also had a good share of the market; Canada has supplied smaller quantities. It is also possible that a portion of the U.S. imports are of Canadian origin.

IMPORTS			
1949	1950	1951	1952 (6-mos.)
73,507 kilos	154,774 kilos	10,283 kilos	39,504 kilos

Duties levied on imports of American origin are US\$1.60 per 100 kilos. Those from Canada and other countries are charged US\$2.00 per 100 kilos. As the duty preferential is small, future prospects depend entirely on competitive pricing and on being able to supply the qualities required.

—W. R. VAN

FERTILIZERS

- *Use of commercial fertilizers is increasing.*
- *Raw materials for mixing fertilizers imported.*
- *Most basic ingredients enter duty-free.*

THE Cuban market for fertilizers, indications are, will continue to expand. Undoubtedly, as time goes on, preparation and possibly production of fertilizers will increase. In that case, demand for the raw material ingredients should be brisk.

At present, the most important source of completed fertilizers, and of the raw materials for mixing fertilizers, has been the United States. In 1950, all imported superphosphates came from the U.S. as did most of the muriated potash and ammonium sulphate. Canada supplied most of the ammonium nitrate. Sodium and potash nitrates came largely from the Republic of Chile. There seems to be a shift towards European sources of supply, especially Germany, for potash and nitrogen.

The real value of fertilizers has been and is being proved by the increasing use of them in all phases of Cuban crop production. Approximately 20 per cent (or over two million acres) of all crop land is now fertilized in contrast to some 12 per cent a decade ago. The heaviest proportionate use has been on sugar cane fields. During the crop year ended June 30, 1951, this all-important part of Cuban agriculture consumed approximately 65 per cent of all fertilizers. Even so, some 75 per cent of the cane acreage is still not fertilized.

About 20 per cent of the mixed fertilizers was used on tobacco plantings; the remainder on fruit, potatoes and rice crops. Commercial plantings of potatoes, cucumbers, peppers and other winter vegetables are almost completely dependent on fertilizers. Moreover, such crops as pineapples, tobacco and grapefruit would be of minor commercial importance were it not for the extensive use of fertilizers.

Use Is Growing

Of the whole Island, only the eastern province of Oriente has a good quality soil which does not need much fertilizing. All the other provinces require fertilizers in varying degrees and types. Consumption of mixed fertilizers during the year ended June 30, 1951, was 236,112 short tons. Approximately 90 per cent was mixed in Cuba. This represents an increase of approximately 215 per cent over the crop year ended June 30, 1945, when only 74,860 short tons of mixed fertilizers were used. About 12 per cent of farms used fertilizers on a total of one million acres in the 1944-45 crop year. In the year ended June 30, 1951, this had risen to 37 per cent and over 2.3 million acres. Consumption of mixed fertilizers for the year ended June 30, 1952, will probably total some 240 thousand short tons.

All raw materials to produce fertilizers are imported. One firm* located on the outskirts of Havana now makes superphosphates ($P_2O_5=19$

* Productora de Superfosfatos S.A., Regla.

per cent) in a modern, well-equipped plant capable of producing approximately 38 thousand short tons a year. The difficulty of obtaining sufficient sulphur has kept this plant operating at only 80 per cent of capacity. Four to five local firms are equipped to produce ammoniated superphosphates which, when prepared, are stored as a basic ingredient for the mixing of complete fertilizers. Only one firm, however, has sufficient storage space to ammoniate superphosphates at the same time complete fertilizers are being prepared. Statistics show that during the fiscal year ended June 30, 1951, Cuban firms prepared 40,674 short tons of ammoniated superphosphate (NH_3 —6 per cent; P_2O_5 —16 per cent), and 2,224 tons of high analysis ammoniated sulphate (NH_3 —7.5 per cent; P_2O_5 —37 per cent).

Cuba also has three large and twelve comparatively small mixing plants. All are located in the areas where fertilizer demand is greatest, including the provinces of Pinar del Rio, Havana and Matanzas in the western end of the Island. Proposals have been put forward to establish an initial 10,000-short-ton mixing plant in the eastern province of Oriente, to lower distribution costs in that part of the Island and make the use of fertilizers more attractive. All plants, including the one major producer, depend on assured supplies of raw materials. This, with the rise or fall in sugar cane production, governs output. The shortage of raw materials for mixing tends to increase imports of complete fertilizers.

Of the 217,862 short tons of mixed fertilizers prepared during the year ending June 30, 1951, by Cuban mixing plants, formulas varied



Tobacco still ranks as Cuba's second most important export crop, though cigar exports have fallen of late years. Fertilizers are being used extensively on tobacco plantings to step up quality and yield.

according to crop and soil conditions. The percentage of basic ingredients averaged:

Ingredients	Percentage	Tons
N (Nitrogen)	7.0	15,156
P ₂ O ₅ (Phosphorous pentoxide)	9.5	20,769
K ₂ O (Potash)	6.5	14,089

Wider use, encouraged to a great extent by the Ministry of Agriculture, has boosted imports of complete fertilizers or raw material ingredients for their production. The development of domestic manufacture has tended to decrease imports of completed fertilizers and give the advantage to imports of raw materials. However, much depends on supply of the various ingredients and on the fluctuations in the market prices of them.

The principal imports of raw materials in recent years have included superphosphates, ammoniated phosphates, nitrate of potash and muriate of potash. The Ministry of Agriculture figures for imports for the fiscal year ended June 30, 1951, give the complete picture.

Fertilizer Materials	Quantity (Short Tons)
Super	42,603
Triple Super	3,318
Ammoniated Super	26,981
Ammo. Phosphate	3,800
Ammo. Sulphate	40,668
Ammo. Nitrate	1,319
Sodium Nitrate	8,073
Urea	220
ANL	150
Cyanimid	200
Nitrogen Sol	9,385
Nitrate of Potash	14,973
Muriate of Potash	14,950
Sulphate of Potash	3,415
Sulphate of Magnesium	1,188
	171,553

Approximately 7,200 tons of nitrates (potassium or soda) were reportedly applied directly to the soil unmixed. All remaining ingredients comprise the basic materials for Cuban mixes. Figures on imports of actual prepared fertilizers for the fiscal year ended June 30, 1951, are only approximate and range between 18 and 20 thousand short tons.

Storage facilities for fertilizer ingredients and mixed fertilizers are limited. Consequently, consumption is approximately equal to imports plus local production.

The Cuban Government imposes no specific regulations on the import, production or distribution of fertilizers other than the normal import duties and local taxes. All basic ingredients enter duty-free at all times, except ammonium superphosphates. The free entry of this is subject to periodic decrees, presumably based on the ability of local production to supply requirements.

Prepared and imported fertilizers are subject to import duties of four cents US per 100 kilos when originating in the United States and five cents per 100 kilos when originating in other countries, including Canada.

Fertilizers or basic ingredients are usually marketed through commission agents. Salaried salesmen are used extensively but are normally employed by local producing and mixing firms. A few sugar mills import directly.

—W. R. VAN

PAPER PRODUCTS

- *Strictly a price market, but brand conscious.*
- *Preferential tariff granted U.S. is obstacle.*
- *All sales made through commission agents.*

CUBA has proved a steady and growing market for all types of papers. Paper exporters who know this market have found it strictly a price, not a quality, one. But the buyers are brand-conscious. Manufacturers selling there for the first time must be prepared to compete in price with firms that have been long entrenched. Unfortunately, Canada and other exporting countries face the barrier of a preferential tariff granted to imports from the United States, which is, in some instances, quite substantial.

Another problem is the high cost of Canadian production compared with other (especially European) countries. Consequently, to compete in normal times Canadian producers and exporters must adjust their prices so that the landed price in Cuba is even less than, or not above, that of similar imports from the United States.

All papers are imported in rolls or sheets and made up locally. It is only rarely, and in small quantities, that finished paper such as stationery and envelopes is imported. There are many jobbers and printers, especially in Havana, but also spread throughout the Island. Actually the number is larger than the population warrants. The intense competition that results usually leaves the jobber with a very low profit and in effect controls the markup. This again makes it imperative for the exporter to meet local competition.

Cuba has two paper mills, both in Havana, producing paper for bags and wrapping. The average annual production approximates 24 thousand tons. Raw material in the form of pulp comes chiefly from Sweden. Now a substantial price reduction in the locally manufactured product is affecting imports. Informed sources indicate that there has been a seven cent a pound reduction during the first six months of this year. All raw materials for these mills are free from import duties, thus giving their products a distinct advantage over imported bags or wrapping. The two mills also produce roughly 4,000 tons of cardboard a year from waste paper which is repulped.

Important Market

A cross-section of imports, with values and countries of origin, issued by the Statistical Section of the Ministerio de Hacienda, illustrates the increasing importance of this market:

Kraft Wrapping Paper

1935-1939: Total Cuban imports amounted to 1,980,153 kilos valued at 143,469 Cuban pesos. The United States supplied 1,946,106 kilos of this. No imports from Canada were listed.

1948: Total imports amounted to 2,181,641 kilos valued at 395,851 Cuban pesos. The United States supplied 2,079,973 kilos, and Canada 14,597 kilos valued at 3,724 Cuban pesos. Sweden supplied 45,963 kilos valued at 14,274 Cuban pesos, and Austria 29,544 kilos valued at 9,512 Cuban pesos.

1949: The United States supplied 2,793,018 kilos, valued at 473,783 Cuban pesos, of total imports of 2,920,340 kilos, valued at 507,180 Cuban pesos. The two other principal suppliers were Canada, with 445,437 kilos valued at 8,990 Cuban pesos, and Norway with 67,760 kilos valued at 20,284 Cuban pesos.

1950: Total imports amounted to 3,812,153 kilos valued at 612,583 Cuban pesos. The United States share was 3,228,236 kilos valued at 524 thousand Cuban pesos. Canada was the second principal supplier with 453,698 kilos valued at 61,588 Cuban pesos.

Bond Book Paper

1935-1939: 656,154 kilos valued at 79,246 Cuban pesos were imported. Over 90 per cent of this amount was supplied by the United States; none by Canada.

1948: Total imports amounted to 1,279,226 kilos valued at 370,748 Cuban pesos. The United States shipped 1,139,583 kilos valued at 332,387 Cuban pesos. Canada, with 63,392 kilos valued at 14,346 Cuban pesos, was followed by Sweden, with 51,713 kilos valued at 11,429 Cuban pesos.

1949: Imports were reduced to 555,631 kilos valued at 182,882 Cuban pesos. Ninety per cent of this amount was supplied by the United States; Sweden supplied 19,462 kilos, and Canada 13,989 kilos.

1950: A doubling of imports over the previous year set the import figures at 1,258,763 kilos valued at 315,953 Cuban pesos. Over 95 per cent was supplied by the United States, with Canada supplying 30,369 kilos valued at 7,074 Cuban pesos.

The Cuban customs tariff provides nearly one hundred separate classifications for papers of all types, exclusive of newsprint. Canada participates in varying degrees, but the United States is the principal supplier in all lines. Canada could probably win a more substantial share of the market for most of the lines sold in Cuba. However, as pointed out earlier, our high cost of production and the preferential tariff granted to imports from the United States are obstacles. Another need, of course, is to have a well-established brand. At the present time, direct sales from Canadian manufacturers would appear to have the best prospects of success.

Sales through Agents

All sales of paper in the Cuban market are handled through commission agents. Their commissions vary, but the usual one is 5 per cent of the price f.a.s. port of embarkation. However, some agents say that because of the tremendous competition their commissions often have to be severely pared down. Terms must be attractive and many of the principal companies established in this market have been offering very reasonable term payments. They realize that they are operating in a buyer's market, and a popular dollar market, and that to keep their footing they must offer their customers every facility.

—W. R. VAN

87°

84°

81°

27°

CUBA

- National Capitals ●
Other Cities (Towns) ●
Main Highway ———
Other Selected Highways ———
Railways + + + + +
Airports ●
Seaports ▲

Scale in Miles

25 0 25 50 75 100 125

Tampa

FLORIDA
(U.S.A)

Miami

GULF OF MEXICO

STRAIT

HAVANA

Guanabacoa

Varadero

Matanzas

Pinar

del Rio

Nueva

Gerona

Santa

Cien

YUCATAN CHANNEL

MEXICO

CARIBBEAN SEA

21°

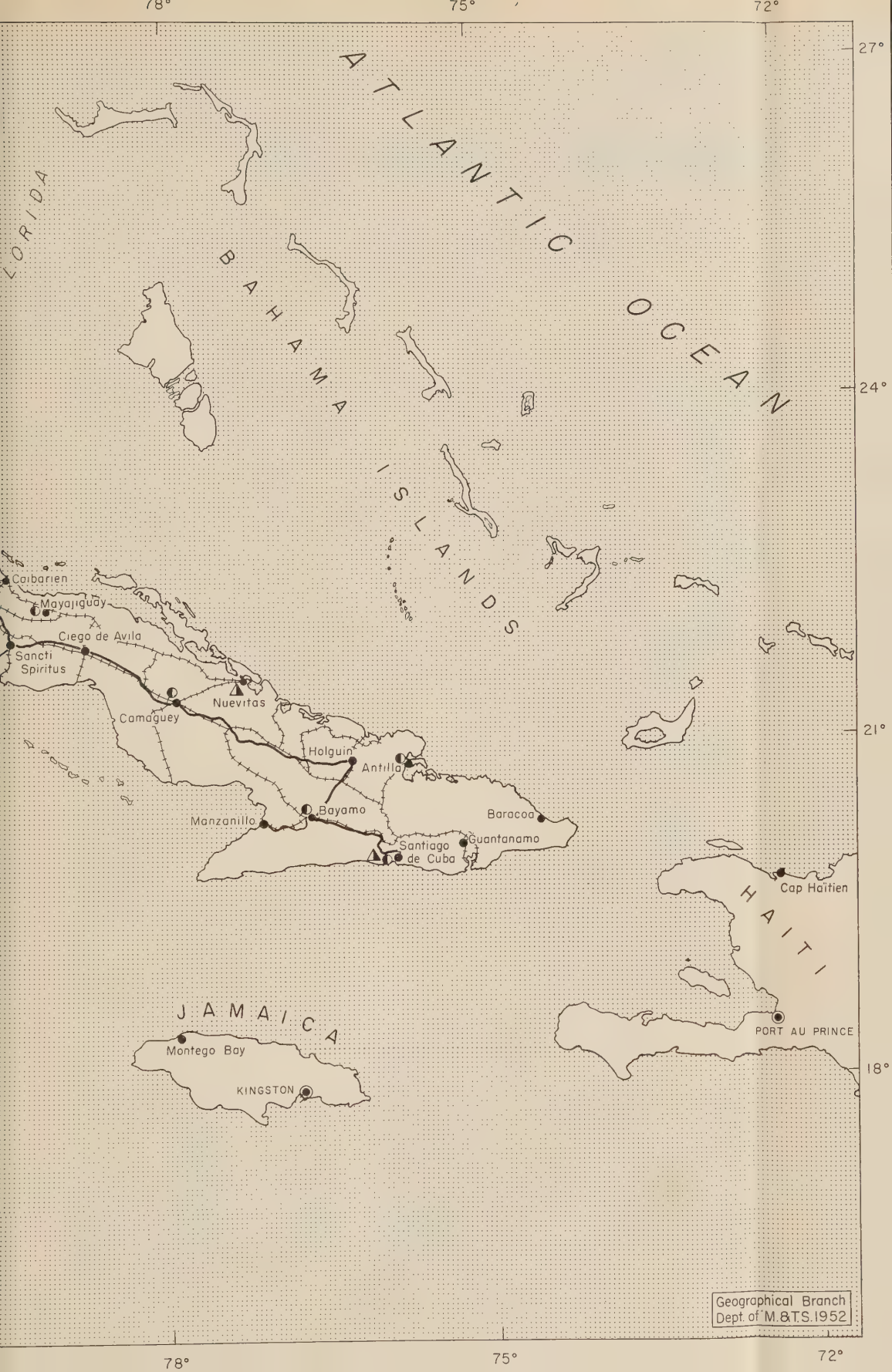
18°

GB 52-48

87°

84°

81°



PHARMACEUTICALS and PATENT MEDICINES

- Canadian exports gaining larger share of market.
- Competition is keen, good promotion needed.
- Personal exploration of market pays off.

PHARMACEUTICAL products and patent medicines have always sold well in Cuba and this trend is continuing. During and since the last war the United States has been the principal supplier, although, prewar, France and, to a lesser degree, Germany were keen competitors. Canadian exports to this market have improved remarkably during the last few years.

Annual consumption of pharmaceutical products and patent medicines is estimated at well over 30 million Cuban pesos, based on the value of retail sales. Roughly half this amount is imported; the remainder represents products made up or repacked in Cuba.

Cuba has some 15 first class laboratories, including those of American and European firms, which import raw materials in bulk for manufacturing. The only local raw materials are small amounts of vitamin A obtained from shark livers, and fairly substantial quantities of liver extracts, but neither is sufficient to supply domestic manufacturers. Glandular extracts also are available but are no longer considered important because of the new treatments that have been developed.

Several hundred small organizations import finished products in bulk and repack them locally. The repacked product is sold under the name of the local organization. Competition is keen in this trade and the profit high; sales bring in well over one million Cuban pesos a year. Pharmaceutical products and patent medicines imported into Cuba to be sold under their own name are handled through agents and distributors, principally in Havana. Usually these agents employ travelling representatives.

Canadian Exports Gaining

Gradually, Canadian patent medicines and pharmaceutical products have made headway in the Cuban market over the last ten years.

Value of Imports

Year	United States	Canada	Total Imports
1940	1,303,347	1,974	2,474,355
1941	2,006,398	21,971	2,533,916
1942	2,640,482	31,122	3,176,329
1943	3,316,925	58,575	4,061,107
1944	3,759,586	60,893	4,639,878
1945	4,874,463	112,523	5,803,449
1946	6,407,353	131,872	7,384,622
1947	7,959,886	186,950	9,373,877
1948	6,389,713	235,919	7,908,796
1949	8,159,443	215,399	9,350,561
1950	8,938,069	198,637	10,351,715

From 1941 on, French exports were cut off almost completely and those from the United Kingdom and Spain diminished. But Switzerland managed to enlarge her shipments. With supplies from Europe falling off and the demand growing, the United States and Canada took over a larger share of the market. Competition from Argentina, Brazil and Mexico also increased. These South American countries, on an individual basis, far surpassed the peso value of exports from Canada before 1946. From that year on, however, Canada gradually passed them and by 1950 was far in the lead.

Specific Products

Patent medicines are classified under Cuban tariff item 100-A. The duty charged is 20 centavos per kilo, together with a 20 per cent surtax on the duty when the products originate in countries other than the United States, which receives the preferred tariff of 14 centavos per kilo.

Biological products have the second highest value, running to over half a million Cuban pesos each year since 1944. These products are listed in the Cuban customs tariff under item 100-B. Imports from the United States are entered at the preferential tariff of .75 centavos per kilo. Those from Canada and other countries signatory to the Geneva Agreement are charged .25 centavos per kilo, plus a 20 per cent surtax on duty levied. U.S. manufacturers have been the principal suppliers, although before 1939 they faced stiff competition from Germany. Gross sales of biological products during the years 1935-1939, according to Cuban statistics, totalled 168,656 Cuban pesos. By 1950 they were bringing in 630,554 Cuban pesos.

The quantity and value of imports of Canadian biological products were negligible until 1946, but from that year to 1950 the average yearly value was well over 20 thousand Cuban pesos. There is every prospect that Canada's share in this market will grow.

Imports from South American countries, including Argentina, Brazil and Mexico, showed a definite upward trend during the war years and reached their peak in 1947. From then on, imports from these countries diminished on almost the same scale as they had increased. However, Germany and, to a lesser degree, France are making a strong bid to recapture their former positions in the Cuban market for biological products. However, U.S. firms are now so firmly entrenched that they will probably retain the largest share.

Opothérapeutical products are under the same tariff item as biological products and account for over a quarter of a million Cuban pesos a year. United States suppliers again lead, with over 90 per cent of the market. Canadian participation amounted to only 5,010 Cuban pesos in 1950, and Argentine and Brazil, 17,585 and 14,624 Cuban pesos respectively.

Antitoxins, vaccines, virus serums, bacterines and anti-bacterines for therapeutical purposes enter duty-free from all countries. Over 600 thousand Cuban pesos worth was imported during 1950, mainly from the United States. Vaccines accounted for approximately 60 per cent of the import values. Imports from Canada were negligible.

All drugs, chemicals, pharmaceuticals, serums, vaccines and allied products for the prevention, alleviation and cure of human and animal ills are subject to standards set by the Cuban Ministry of Health. The procedure for establishing standards is a lengthy one and can best be handled by a local lawyer who knows the difficulties involved. All labels must be in Spanish. The prices of all patent medicines are controlled and they cannot be higher than those prevailing in the country of origin. The Government has set a fixed scale of profit between the wholesaler and retailer. All bottles and packages must be stamped with the actual price.

Promotion Methods

Because of the tremendous competition in the pharmaceutical field, the local agent or distributor must be given the utmost co-operation. It is important for the agent or distributor to be closely associated with the medical field and ample quantities of samples and literature in Spanish must be distributed over long periods. In Cuba, when the physician prescribes a definite brand the druggist must supply it in the original package. Approximately 80 per cent of prescriptions are for patent medicines. It is understood that French manufacturers, in an effort to regain their lost position, are distributing full-size samples.

Advertising too is important and prospective exporters should use it as much as possible. If the exporter is fortunate enough to obtain the services of an agent or distributor with capital, then the advertising is usually done on a share basis. Profits from a new product introduced in this highly competitive market are practically non-existent during the first few years, according to local distributors. Personal study of the market by the prospective exporter has proved most successful.

All evidence indicates that Cuba is an excellent market for pharmaceutical products of all kinds. Present consumption of these products is high and the trend is still upward.

—W. R. VAN

For More Information on Cuba . . .

WRITE your representative in Havana—
A. W. Evans, Commercial Secretary,
Canadian Embassy, Apartado 1445, Havana.

ASK the International Trade Relations Branch, Dept.
of Trade and Commerce, Ottawa, for their
pamphlet with detailed information on shipping
documents and Cuban customs regulations.

REFER to these 1952 issues of *Foreign Trade*—
March 22, June 21, August 2 and September 27.

AGRICULTURAL MACHINERY

- *Mechanization of agriculture is making headway.*
- *Wheel-type 30 and 40 h.p. tractors sell best.*
- *Sales promotion by parent company is a "must".*

THE drive to mechanize Cuban agriculture has made substantial progress in the last ten years. This is particularly true of the all-important sugar industry, to which more than 50 per cent of the cultivated land in Cuba is devoted.

Mechanization might have been used to an even greater extent in producing the sugar crop, but for the attitude of the labour leaders. They fear that the coming of the machines will cut down employment. This impediment to mechanization is likely to continue, though on a diminishing scale. The sugar producers, however (and, to an increased extent, government officials) realize the stark necessity of lowering the cost of sugar production if they are to compete in the world sugar market.

The majority of the other sugar-producing countries, not so dependent on the production of a single commodity, have been mechanizing in varying degrees for many years. But in Cuba the small amount of mechanization has consisted of replacing slow-moving oxen with tractors for the cultivation job. Improved equipment is now put to work on land preparation and to cultivate the cane. Trucks and tractors are being used to a greater extent in transporting harvested cane from the fields to the mills or railroads and old-fashioned handmade cane carts are giving way to multiple axle trucks.

Market for Tractors

Statistics issued by the Cuban Government confirm this gradual trend toward mechanization. Tractors, accessories and parts were imported during the years 1935-1939, 1948, 1949 and 1950 as follows:

Year	Tractors		Accessories and Parts	
	Number	Value (Cuban pesos)	Kilos	Value (Cuban pesos)
1935-39	65	121,255	104,124	53,740
1948	2,129	3,125,006	1,102,382	946,735
1949	1,689	3,500,009	929,939	900,074
1950	2,555	4,249,480	1,725,011	1,716,453

Practically all this equipment was supplied by the United States and U.S. manufacturers of agricultural machinery and implements are now firmly entrenched. Canadian sales during the periods listed were negligible. (Before 1942, however, Canada was at a disadvantage because she was subject to the maximum tariff from time to time.) During 1950, parts and accessories for tractors of Canadian origin amounted to 4,335 kilos valued at \$11,063 (Cuban pesos). The United Kingdom made noticeable headway during the years 1949 and 1950. In 1949, the United



—Arturo Robert for Cockshutt Farm Equipment Ltd.

A Canadian-made Cockshutt rice combine at work harvesting rice in the province of Pinar del Rio. Rice cultivation is receiving greater attention and growers are buying tractors and machinery to help produce the crop.

Kingdom supplied Cuba with 119 tractors valued at \$128,261 (Cuban pesos) and with parts and accessories valued at \$2,853 (Cuban pesos). In 1950, the number of U.K. tractors supplied increased to 650 valued at \$593,042 (Cuban pesos), together with parts and accessories valued at \$27,573 (Cuban pesos).

The Cuban duty levied on tractors from the United States is 4 per cent ad valorem; on imports from Canada and other countries it is also 4 per cent ad valorem but there is a 20 per cent surtax on the duty levied.

The 30 and 40 h.p. wheel-type tractors sell best. The sugar industry uses the "row-crop" model for cultivation and the standard model for hauling cane from the fields to the mills. The trend is towards diesel-operated tractors, principally because this type of fuel is substantially cheaper than other fuels.

Attachments Needed

One important factor in the sale of tractors is the sugar producers' insistence that the tractors be fitted with the necessary implements to cultivate sugar cane, or at least that these implements—such as the disk cultivator, the heavy disk plough and the heavy disk harrow—be readily available. A most suitable type of tractor for the small farmer is one with adjustable front axles and rear wheel.

The rapid expansion in rice-growing means another important outlet for tractors and agricultural implements, including rice combines. The crawler-type, 40 to 60 h.p. tractor is preferred for this type of cultivation, mainly because it does not often bog down in the heavy "gumbo". The heavy disk plough is used. Because the Honduran type of rice is produced in Cuba, rice combines of both crawler and wheel type have not proved

too satisfactory. Honduran rice gives a higher yield but it tends to fall on maturing because of a weak stem. This makes it very difficult for the usual type of combine to harvest rice without using special attachments.

Other Machinery

Agricultural machinery other than tractors and accessories (including combines) are dutiable at a rate of 6 per cent ad valorem when of U.S. origin. Similar types of agricultural machinery from Canada and other countries are charged at the rate of 6 per cent ad valorem, plus a 20 per cent surtax on duties charged. During the years 1935 to 1939 (according to Cuban statistics) agricultural machinery other than tractors and accessories imported into Cuba were valued at \$107,736 (Cuban pesos) with well over 90 per cent of this amount supplied by the United States. The remaining amount was divided among approximately ten other countries. In 1948 Canada was credited with \$36,836 (Cuban pesos) of total import values of \$1.3 million (Cuban pesos). Canadian participation almost doubled during the year 1950, with a Cuban peso value of over \$67 thousand out of a total of approximately \$1.8 million (Cuban pesos).

Agricultural implements, including the heavy disk plough, are not subject to import duties. During the years 1935 to 1939 imports were valued at \$4,683 (Cuban pesos), the principal suppliers in order of importance being the United States, France and the United Kingdom. In 1949 imports were valued at \$47,474 (Cuban pesos) with approximately 50 per cent coming from the United States and 25 per cent from Germany. Imports for the year 1950 increased substantially, to a value of \$173,702 (Cuban pesos). Nearly 50 per cent of this amount went to the United States and approximately 20 per cent to Germany. Statistics seem to show that the sugar industry is definitely committed to greater mechanization. And, with cultivation of tobacco and rice becoming more important, the market for agricultural machinery in Cuba should continue.

The bumper sugar crop this year has led the Government to stress the urgent need for greater diversification of crops. The Ministry of Agriculture may soon formulate plans to assist the smaller farmer. Over three-quarters of the farm units in Cuba are below 100 acres; many of them are only half that size. The Agricultural Credit Division of the Agricultural and Industrial Credit Bank, a government organization, has facilities for loans to purchase agricultural equipment. But the small farmer, it seems, is still in no position to take advantage of these loans, which apparently are issued largely on a short-term basis. The farmer would need a long-term loan, plus close supervision over the prices charged for agricultural machinery implements throughout the country. Another means of lowering the price of agricultural machinery and thus bringing it within the reach of the average farmer would be the elimination of all duties and taxes on it.

Canadian exporters to this market are aware that, because of the keen competition, much like that normally found in the home market, they must allow the local Cuban distributor extended terms of credit. Companies interested in capturing a larger share of this market must undertake active sales promotion.

—W. R. VAN

Trading Relations with Cuba

CANADA and Cuba exchange full most-favoured-nation tariff treatment under the General Agreement on Tariffs and Trade (GATT), to which both countries subscribe. Accordingly, Canadian goods entering Cuba receive in all tariff and customs matters treatment equal to that granted other countries, such as the United Kingdom and Germany. Any benefits granted by Cuba to such countries are extended to Canada.

However, under United States-Cuban treaties dating back to 1902, Cuba grants preferential rates of duty to the United States on a wide range of products. As a result of GATT tariff negotiations held at Geneva in 1947, these margins of preference were reduced or eliminated on many items of particular interest to Canada, including codfish, wheat flour, agricultural machinery, motors, and numerous other products.

Sugar Purchase Arrangement

Partly as a result of tariff concessions granted by Cuba in 1947, Canadian exports to Cuba have increased markedly, rising from a total of \$7.5 million in 1947 to \$20.4 million in 1951. During this same period the value of Canadian imports from Cuba declined from \$23.7 million to \$8.3 million. This was the result primarily of the postwar recovery of Commonwealth sugar shipments to the Canadian market where the preferential tariff gives them an advantage.

At the 1951 GATT Conference at Torquay, Canada and Cuba concluded an arrangement on raw sugar for the years 1951 to 1953 inclusive. The Canadian Government agreed to ensure entry of 150 thousand tons of non-Commonwealth raw sugar annually for that period, of which 75 thousand tons were to come from Cuba. In return, Cuba undertook to continue in force all the important tariff concessions which had been granted to Canada under the GATT. Canada also benefited from additional tariff concessions granted by Cuba as a result of GATT negotiations with Germany and the United Kingdom.

Other countries which receive a portion of the global quota of 150 thousand tons of raw sugar annually under this arrangement are the Dominican Republic and Haiti. Purchases under this commitment are normally made through the private sugar refiners in Canada. A portion of the most-favoured-nation duty is remitted to the Canadian manufacturers, sufficient in amount to equalize the laid-down cost of Cuban sugar with the laid-down cost of preferential sugars from Empire countries.

The arrangement with Cuba was designed to permit non-Commonwealth sugar producers to regain access to the important Canadian market and to aid in the development of a sound two-way trade between Canada and Cuba. At the same time, this arrangement avoids any impairment in the sugar preference which has traditionally been extended by Canada to the British West Indies and other Commonwealth suppliers of sugar.

—MAURICE SCHWARZMANN
International Trade Relations Branch

GUIDE TO EXPORTERS

> *Buyers Are Interested In . . .*

Canadian goods in which Cuban importers appear interested cover a wide range. Recent inquiries received by the Trade Commissioner's office here have included requests for the following:

- Roofing materials; light and builders' hardware; construction materials; water pipes; smooth and corrugated galvanized sheets.
- Wrapping and printing paper; stationery items; newsprint; cardboard and paperboard, etc.; pulp for paper manufacture.
- Electrical cable and wire; electrical appliances and fixtures; refrigerators; electric and gas stoves; electrical kitchen utensils.
- Dairy machinery; agricultural machinery and implements; water pumps.
- Drugs and pharmaceuticals; pharmaceutical chemicals; machinery and equipment for the pharmaceutical industry; hospital and medical equipment.
- Textiles; looms and spinning equipment; upholstering materials and upholsterers' nails; cotton twine and cordage; canvas; artificial and shoe leather; shoe tacks.
- Industrial chemicals; calcium carbide; linseed oil; fertilizers; bone glue; paint ingredients; printers' ink.
- Iron and steel products; copper manufactures, including tubes, rods, sheets, plates, etc.; aluminum products; lead oxide; metal furniture for offices; cutlery; enamelled and aluminum kitchen utensils; screws.
- Lard; butter; cheese; eggs in the shell; condensed, evaporated and powdered milk.
- Wheat, flour, oats, cattle feeds.
- Codfish; bloaters; pollock; haddock; canned sardines and salmon.
- Potatoes, beans, soybean meal and oil.
- Pork products, canned hams and bacon.
- Automotive accessories; brake linings and clutch facings; storage batteries.
- Lumber, plywood, broom handles, brushes.
- Radios, including battery-operated; conveyor belts; vitreous sanitaryware; toys.

>Customs Classifications

. Advisory rulings on the customs classifications of particular goods will be supplied by the Cuban customs authorities on receiving samples of the product, or of blueprints or adequate drawings and full description if the goods are too bulky to send. Applications for rulings are referred directly to the Treasury Department, which at its discretion may issue a Treasury circular establishing a customs classification and corresponding duty on the product.

Information about rates of import duty and customs surcharges on articles already classified may be obtained from the Commercial Secretary, Canadian Embassy, Havana.

>Import Restrictions

. The Cuban Government does not exercise any unusual control over imports nor, in general, does it restrict them in any way. There are exceptions, however, for certain commodities such as rice and mixed fertilizers and wheat and wheat products, which are subject to import quotas and import permits. Certain chemicals, explosives and munitions may be imported into Cuba only with prior permits from the Ministry of Defence. Further, the Cuban Government requires permits on imports of those products for which it has established special duty-exemption privileges. These include raw materials for industry not available locally and machinery and equipment for new plants.

>Exchange Transfers

. Cuba has no complete exchange control but in practice, exchange transfers exceeding \$1,000 must have prior approval from the Office of Exchange Control. In addition, a tax of 2 per cent is assessed on exports of money or its equivalent, including merchandise. The full amount of this tax is refunded, however, if the corresponding value of or the return from such exports is received within 180 days from the United States, and within 240 days from other countries. (Cuban exporters of sugar and sugar syrups, molasses, etc., must turn over to the Government 30 per cent of the dollars obtained from their sales abroad to be exchanged at par for an equal quantity of Cuban pesos.)

>*Pound Conversion Rate*

. The Cuban Chamber of Commerce recently published in its daily bulletin a notice that Circular No. 138 issued by the Cuban Customs on December 30, 1939, (gazetted January 6, 1940) is still in force. This circular officially established that the conversion rate of pounds to kilograms applying to imports shall be one pound equals 453·6 grams, and repealed a 1932 circular fixing this rate at 460 grams. The 1939 circular made it clear, however, that for purposes of collection of excise and/or consumption taxes, including those collectible at customs, the rate of 460 grams still applies.

>*Quarantine Regulations*

. Quarantine regulations apply to imports of plants, fruits, vegetables, animals and poultry. Import of some articles is prohibited altogether. Special regulations and requirements govern imports of food products and of drugs and pharmaceutical specialties.

>*Anti-Dumping Regulations*

. Anti-dumping measures were introduced in 1935 and are currently effective. Under these regulations, the executive power is authorized to “adopt any measure of protection for the national industry and commerce against various forms of foreign dumping”. Provision is made for penalty duties on imports which can be classified under the heading of “dumping”.

>*Shipping Documents*

. All exports to Cuba, under a decree effective November 17 (replacing the decree effective October 16), must be covered by a copy of the document or sworn declaration usually required by the customs legislation of the exporting country.

For Canadian exports, this requirement will be fulfilled by supplying an extra copy of the Canadian customs form B-13, duly certified by the Customs office at the port of exit from Canada for each shipment and visaed by the Cuban Consul at the Canadian port of shipment. Form B-13 must accompany each set of consular invoices.

Transportation to Cuba

- *Most sea traffic sails from eastern Canadian ports.*
- *Fast and frequent air service for cargo and passengers.*
- *All-rail transport via Florida and car ferry to Havana.*

WATERBORNE traffic from Canada to Cuba, with the exception of bulk cargo movements by non-scheduled vessels from both the east and west coast, moves almost entirely from eastern Canadian ports. Liner-berth shipping services from the Pacific coast are practically non-existent.

By Sea

Four shipping lines provide regular liner-berth services to Cuba from Canadian Atlantic and St. Lawrence ports—Canadian National Steamships, Swedish American Line, Saguenay Terminals Limited, Canada Mexico Line.

Canadian National Steamships operate a service to Santiago de Cuba, using four dry cargo vessels, with a sailing via Halifax and Nassau every ten to eleven days.

Swedish American Line has been active in this trade since early in 1948 and at present has two vessels on the run, with a sailing to Havana approximately every three weeks from Montreal and other St. Lawrence ports. This shipping line used to maintain a service to Santiago de Cuba with occasional calls at Matanzas and Pastelillo, but these ports-of-call have been discontinued to provide a more efficient service to Havana.

Saguenay Terminals Limited maintain steamship services to a number of ports in the Caribbean area, including Santiago de Cuba and Havana. Service to Santiago de Cuba is fortnightly, sailing from Montreal and Halifax; service to Havana is monthly, sailing from Montreal, and from Three Rivers and Quebec, subject to arrangement.

Canada Mexico Line has three ships on its Cuban service and offers a sailing to Havana and Neuvas approximately every three weeks from Montreal and Halifax.

During the winter months when navigation on the St. Lawrence Waterway is closed, each of these shipping lines continues its service from Halifax and/or Saint John.

Ocean shipping services from the Canadian Pacific coast to Cuba are lacking. There are no direct liner-berth services from British Columbia ports to Cuba, with the exception of an occasional sailing by the Independence Line from Vancouver. This line has regular monthly service from Portland, Oregon, to Cuba but trans-shipment of Canadian goods through Portland is limited because of the additional expense.

Although there are no direct airline services between Canada and Cuba, good connections through United States air gateways, New York and Miami, provide a fast and frequent air cargo or passenger service for the Canadian businessman planning a visit to Cuba, or wishing to get his products into the Cuban market quickly. TCA's trans-Canada network and Canadian Pacific Airlines' domestic air services link practically any point in Canada with either Toronto or Montreal. From these cities, daily connections to New York can be made either by TCA or by one of the American airlines operating into these cities.

National Airlines have two flights daily from New York to Havana.

Linea Aeropostal Venezolana have three flights each week and Aerolineas Argentinos have a flight each Friday. From Miami there are a number of flights each day by Pan American Airways and National Airlines. From midwestern Canada, connections can be made at Chicago with Chicago and Southern Airlines Incorporated and Braniff Airlines. Both of these schedule daily flights to Havana via Houston.

Flying time from Canada to Cuba is remarkably short; by air Cuba is only a few hours away. It is possible to leave Toronto or Montreal in the late morning and arrive in Havana in the early evening. Flights from Chicago reach Havana the same day. The return journey can be made in an equally short time. In Cuba itself, Aerovias Q S.A. operate a daily domestic service from Havana covering the whole island and all the principal cities.

By Land

Trade between Canada and Cuba moves by rail as well as by water and air. Although Cuba is an island, this traffic can be classified as an all-rail movement because the routing from Canada is trans-border into the United States, over United States railways to Florida, and from there by railway car ferry to Havana.

—H. A. HADSKIS

Transportation and Communications Division

Samples Carried by Commercial Travellers

A Canadian commercial traveller landing in Cuba must present to the customs house at the port of entry a consular invoice, properly certified by a Cuban consular officer at the port of departure, and a customs declaration for samples and merchandise carried. This invoice must identify all articles and list them at the Canadian market price. Samples carried by a commercial traveller may be taken into Cuba for three months duty-free, if they are accompanied by a consular invoice, a customs declaration, and documentary proof that the traveller is authorized by an established firm to carry them. The traveller must deposit the amount of the duties applicable and must sign a statement under oath binding himself not to make any sales in Cuba except through an agent or importer legally established and registered.

TRADE AND TARIFF REGULATIONS

ARGENTINA

Policy on Imports—The Argentine Ministry of Finance announced recently that no permits would be granted for the import of merchandise of which an adequate supply was available from domestic industries. This announcement is in line with the current Argentine policy of limiting imports to products “essential to the economy of the country and the safeguard of its health”—Buenos Aires, October 14.

BARBADOS

Imports of Pickled Pork Permitted—The Controller of Supplies, Barbados, advised importers on September 19 that imports of pickled pork from Canada no longer need be accompanied by a certificate issued by a Veterinary Inspector of the Health of Animals Division, Department of Agriculture. (See *Foreign Trade* of May 3, 1952, page 562, for announcement of this requirement.)

Obtaining Import Licences—In a notice of September 19 the Controller of Supplies, Barbados, reminds importers that import licences must be obtained *before* orders are placed for goods from any source, with the exception of those goods on open licence.

Goods ordered must arrive in the Colony before the expiry date of the licences covering the orders. In cases where delivery cannot be made in time for the goods to arrive before the expiry date, a new licence or extension of the original licence must be approved before the arrival of the goods.

Importers are warned that failure to comply with these instructions may result in the confiscation of the goods on arrival.

BRITISH GUIANA

Certificate for Flour Required—The Controller of Supplies and Prices, British Guiana, advised importers on September 22 that unless a duly notarized chemist's certificate of analysis of flour accompanies documents covering imports of flour from Canada and the United States, importers and agents may have difficulty in clearing shipments.

COSTA RICA

Import Tariff Increased—The Costa Rican customs tariff has been modified by Decree No. 1484 of August 19, 1952. On items formerly subject to the duty of 2 per cent of the f.o.b. value of imports, the

new rate is 4 per cent of the c.i.f. value. In those cases where imports were formerly exempt from the ad valorem duty, a rate of 2 per cent of the c.i.f. value will now be levied. The specific rates applying to these items remain unchanged.

These increases do not apply to drugs nor to chemical and pharmaceutical preparations for human and animal consumption.

JAMAICA

Footwear Imports Restricted—By proclamation of August 12 issued under the Customs Law 1939, the import into Jamaica of boots, shoes, slippers and other footwear of leather and imitation leather is prohibited except under permit issued by the Trade Control Board. This prohibition does not affect imports under the Trade Liberalization Plan.

The above permit is in addition to the import licence required for exchange purposes under the Defence Regulations—Kingston, October 3.

PERU

Analysis of Processed Milk—According to a Supreme Decree dated September 25, 1952, all types of processed milk (condensed, evaporated or powdered) are subject to analysis by the Department of Nutrition of the Peruvian Ministry of Public Health before they can be cleared through customs. Should the analysis show that such milk is not fit for human consumption, clearance will not be permitted and the importer will have to ship the goods back to the country of origin.

Domestically produced milk is also subject to similar tests. The complete text of these analytical control measures may be obtained from the International Trade Relations Branch, Department of Trade and Commerce—Lima, October 14.

VENEZUELA

Livestock Imports Regulated—On June 19, 1952, Venezuela instituted new import regulations applying to livestock. All animals imported must be accompanied by a health certificate issued by a veterinary of the country of origin. Full details are available from the International Trade Relations Branch.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0366.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 16	Notes (See below)
Argentina	Peso	Preferential buying	·1286	
		Basic buying	·1929	(1)
		Preferential selling	·1929	
		Basic selling	·1286	
		Free	·0694	
Austria	Schilling .....	.....	·0452	
Australia	Pound .....	.....	2·1550	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	·0193	
Bolivia	Boliviano	Official	·0161	tax 5% (1)
		Differential	·0096	tax 3% (2)
British West Indies (except Jamaica)	Dollar .....	.....	·5612	
Brazil	Cruzeiro .....	.....	·0521	tax 8% (2)
Burma	Kyat .....	.....	·2020	
Ceylon	Rupee .....	.....	·2026	
Chile	Peso	Official	·0311	(1)
		Commercial	·0161	
		Free	·0076	
Colombia	Peso	Basic	·3859	tax 3% (2)
		Coffee Buying	·4252	
Costa Rica	Colon	Official	·1722	(3)
		Free	·1446	*Aug. 29
Cuba	Peso .....	.....	·9647	tax 2%
Czechoslovakia ...	Koruna .....	.....	·0193	
Denmark	Krone .....	.....	·1397	
Dominican Republic	Peso .....	.....	·9647	
Ecuador	Sucre	Official	·0643	(4)
		Free	·0556	
Egypt	Pound .....	.....	2·7702	
Fiji	Pound .....	.....	2·4268	
Finland	Markka .....	.....	·0042	
France	Franc .....	.....	·00276	
French Africa ...	Franc .....	.....	·00554	
French Pacific Ter.	Franc .....	.....	·01522	
Germany	D Mark .....	.....	·2297	
Greece	Drachma .....	.....	·000064	
Guatemala	Quetzal .....	.....	·9647	
Haiti	Gourde .....	.....	·1929	
Honduras	Lempira .....	.....	·4823	
Hong Kong	Dollar	Free	·1512	*Sept. 8
Iceland	Krone	Official	·0592	
		Special buying	·0456	
		Special selling	·0370	
India	Rupee .....	.....	·2026	
Indonesia	Rupiah	Basic	·0846	
		With Surcharge I	·0423	(5)
		With Surcharge II	·0282	
		Dollar certificate	·0018	*Sept. 15

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 16	Notes (See below)
Iran	Rial	Certificate I	·01265	*Aug. 29
		Certificate II	·01233	*Aug. 29
Iraq	Dinar		2·6937	
Ireland	Pound		2·6937	
Israel	Pound	Basic	2·7011	
		Special	1·3506	
		Investment	·9647	
Italy	Lira		·00155	
Jamaica	Pound		2·6937	
Japan	Yen		·00268	
Lebanon	Pound	Free	·2701	*Aug. 29
Luxembourg (See Belgium)				
Mexico	Peso		·1115	
Netherlands	Guilder		·2539	
Netherlands Antilles	Guilder		·5115	
New Zealand	Pound		2·6937	
Nicaragua	Cordoba	Effective buying	·1462	(6)
		Official selling	·1368	
		With Surcharge I	·1198	
		With Surcharge II	·0960	
Norway	Krone		·1351	
Pakistan	Rupee		·2916	
Panama	Balboa		·9647	
Paraguay	Guarani	Basic	·0643	(1)
		With Surcharge I	·0460	(7)
		With Surcharge II	·0322	
Peru	Sol		·0621	
Philippines	Peso		·4823	tax 17% (2)
Portugal	Escudo		·0336	
El Salvador	Colon		·3859	
Singapore & Malaya	Straits dollar...		·3143	
South Africa (Union of)	Pound		2·6937	
Spain & Dependencies ...	Peseta	Basic buying	·0441	
		Basic selling	·0860	(1)
		Free	·0243	
Sweden	Krona		·1865	
Switzerland	Franc		·2252	
Syria	Pound		·2710	*Sept. 11
Thailand	Baht	Official	·0772	(1)
		Free	·0540	*Aug. 29
Turkey	Lira		·3445	
United Kingdom...	Pound		2·6937	
United States	Dollar		·9647	
Uruguay	Peso	Official	·6351	
		Basic buying	·5420	
		Special buying	·4105	(1)
		Basic selling	·5077	
		Special selling	·3938	
Venezuela	Bolivar		·2880	(8)
Yugoslavia	Dinar		·0032	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

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foreign trade

NOVEMBER 1, 1952



**Business in the United States
... a Detroit report**



What's Happening Down There?

Some of our readers may wonder why "Foreign Trade" publishes reports written by Canadian Trade Commissioners in the United States.

Hundreds of general magazines, trade journals, newspapers, booklets—painting in detail every aspect of the American business scene—come pouring across the border. In printing reports from the United States, these readers may think, "Foreign Trade" is working in an already overcrowded field.

The reports which we publish are written by Canadian officials who look at things through Canadian eyes—and with Canadian readers in mind. From the mass of material at their command and from their own observations, they select what will be of interest and value to businessmen back home. This material they tailor into a succinct, readable report.

One Montreal subscriber asked the question: "Why doesn't 'Foreign Trade' sometimes tell us how things are going in various regions of the United States? I'd like to see the picture occasionally from the angle of New Orleans, say, or Boston."

In planning the new FT system of reporting from the eight U.S. offices of the Trade Commissioner Service, we remembered this comment too. Every two months (sometimes less) we plan to publish a "business conditions" report from one of these offices. The writer will review briefly trends in the U.S. since the last report appeared; will then go on to discuss business in his particular territory. The report from Detroit, for example, appearing in this issue, naturally features the automotive industry.

Early in January we hope to publish a report headed New Orleans; in February, Los Angeles. And so, as the year goes on, "Foreign Trade" will draw for you the complete picture of what's happening down there.

—The Editor.



foreign trade

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OTTAWA, NOVEMBER 1, 1952

NO. 305

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Photo by Automobile
Manufacturers' Association

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United States

How Is Business Going?

. . . a report on trade and business trends across the border, as our Detroit office sees and interprets them.

DETROIT—In the past three months, United States business has been making a rapid recovery from the set-back it suffered during the steel strike. By mid-September, the steel mills were operating at better than rated capacity, and industrial output in general rose more than 10 per cent from July to August. The index of industrial production in September stood at 223, compared with the 1935-39 average of 100. Federal Reserve Bank reports and other authoritative sources reveal that most firms are at or approaching full production. In the months ahead, production and business generally should be well maintained by the efforts that will be made to recover the losses incurred during the steel strike, by further plant expansion, and by the seasonal upsurge in consumer buying.

Defence Spending

Defence expenditures in 1953 will total \$6·3 billion under earlier plans but will not produce the stimulus to business that was expected. This is partly because of the steel strike and the necessary cutting back of deliveries, and also because the big military demands for soft goods are tapering off.

Moreover, it has been discovered that, great though the defence expenditures may be, industrial techniques and output have so advanced that the entire defence program represents less than 15 per cent of the national output. Normal civilian business, therefore, still absorbs the major portion of total production and the Chicago Purchasing Agents' Association reported in August the largest backlog of unfilled orders in all lines since March 1951.

Business sentiment, thanks to these generally favourable conditions, is more cheerful than for many months. At the same time, it is affected temporarily by the national and state elections. It is also constantly overshadowed by the Korean War and the uncertain international scene, and by rising costs with accompanying fears of further inflation.

Personal income totals, which had been rising steadily throughout the year, dropped in July as a reflection of the lay-offs caused by the steel strike. In August, however, they more than recovered. Higher wage rates in many industries are expected to mean a stronger consumer demand than in the closing months of last year.

Industrial employment (i.e., excluding agriculture) has reached an all-time high of almost 47 million and average hourly earnings of factory workers stand at \$1.66.

Sales and Prices

Retail sales have followed the upward trend usual in the autumn. Department store sales rose seasonally in August and September. Prices declined slightly during the year, reducing the total value for the first three quarters as compared with 1951, but the volume has been larger. Textiles have enjoyed better business and heavy inventories have been moving.

A recent statement from the Office of Price Stabilization, Washington, revealed that only some 43 per cent of the goods and services included in the average family budget are now under full price control. Ceilings have been entirely removed or suspended on 42 per cent of the budget items, with the other 15 per cent under partial control.

OPS also reported that the 42 per cent not under control included all fruits and vegetables, fresh and frozen fish, sugar, ice, eyeglasses and hospital charges. Controls have been suspended on home furnishings, practically all shoes, television sets, table model radios, cigars and hosiery. These suspended items are selling below ceiling prices, but OPS is prepared to re-establish controls if prices show a tendency to rise above reasonable levels.

Meat

Corn-belt farmers are taking a fairly optimistic view of beef market prospects. Drought in some range and pasture areas, and the lifting of the embargo on Mexican cattle imports, has increased the supply of feeder cattle. At the moment, feeder cattle prices are about \$6.00 per hundred pounds below 1951. Prices on choice finished cattle are only \$2.00-\$3.00 down at the slaughterhouses. With large supplies of hay and grains and a good corn crop, it is expected that a larger number of animals than usual will move this autumn into midwest feeder lots, where they will be fed for from three to twelve months before proceeding to the packinghouses.

Although the supply of beef is expected to be good, high levels of employment and income will probably maintain consumer demand and keep prices at reasonably profitable levels, especially as the supply of pork is expected to be reduced at least until the middle of 1953.

Banking and Construction

Bank savings accounts have risen steadily during the year, a fact that has probably reduced sales, although saving has been offset somewhat by increased instalment buying.

Bank lending usually hits a peak in the autumn months and this year is no exception. In the industrial field, producers of food, liquor, tobacco, textiles, apparel, leather, metals and metal products are the heaviest bank borrowers, reflecting both seasonal gains and, in textiles and leather, a welcome recovery in demand.

Residential building increased slightly in the whole country as compared with 1951, but was considerably lower in many parts of the

northern Midwest. In Detroit, for example, it was down 31 per cent and in Grand Rapids 59 per cent. In Indianapolis, on the other hand, residential construction was up 35 per cent, a reflection of the large volume of defence work in that area. It is expected that home building, especially in the \$15,000-and-over class, will be stimulated by the suspension of credit controls at mid-September.

Automotive Highlights

Michigan industry and business are, of course, based upon the automotive industry, the complex ramifications of which determine prosperity and employment for millions of people throughout the northern Midwest and, indeed, in many other places far removed.

At the turn of the year, shortages of materials and the demands of the defence program produced uncertainty and forced adjustments that threw some 130 thousand out of employment—and there were gloomy predictions that this total would reach 200 thousand or more by June. Federal, state and civic authorities joined industry leaders to form committees to study the problem and discover means of restoring production and employment. Detroit and other Michigan centres were declared “distressed areas”, and plans were made to divert large defence orders to Michigan to relieve the situation.

By March, the materials position had improved, essential metals were re-allocated by the National Production Administration, and car and truck production ceilings were raised. By September, the Detroit newspapers reported that “a critical manpower shortage was fast developing”. Almost overnight, booming civilian and defence production had absorbed all available labour. A recent survey of the automotive industry revealed the need for an additional 20 to 30 thousand skilled, semi-skilled, and even unskilled workers. Total Michigan employment is expected soon to exceed even the 1943 peak of 2.4 million.

1952 Production and Sales

Passenger car production in the first nine months of 1952 totalled 3,038,966 units, as compared with 4,285,032 in the same period of 1951. Truck output in the same period was 843,134 units, compared with 1,126,708 in the first nine months of 1951. The reduced output in 1952 was partly the result of lowered NPA production schedules, but was mainly due to the shut-downs and interruptions caused by the mid-year steel strike. However, the industry is beginning to introduce overtime and second-shift operations to step up output during the remainder of the year, in anticipation of NPA production cut-backs for the first quarter of 1953. It is rumoured that, depending upon conditions, the cut-back may amount to 40 per cent. At present, only shortage of manpower is preventing record rates of production.

New car sales rose sharply in September, dealer stocks are 150 thousand units below normal, and the retail market is strong, with the prospect of becoming even stronger under the stimulus of powerful advertising and promotional drives.

New passenger car registrations in the United States for the first eight months of 1952 totalled 2,695,997 vehicles, compared with 3,639,341 in the same period of 1951. New truck registrations in the first eight months totalled 528,852, against 687,642 in the same months of 1951.

Automotive replacement parts are in good supply and domestic and export demands have improved in recent months.

Large-scale production of tanks, aircraft engines, and other military equipment by the automotive industry will soon be possible, as tooling-up operations near completion. The danger of obsolescence and the uncertainties of the international situation will probably be important factors in determining whether these plants will actually embark upon large-scale tank production or be kept at a stand-by level. These uncertainties are not expected to have the same influence upon the output of jet engines and other aircraft components.

Ohio Highlights

Business is good in Ohio, although the usual indices show an overall decline in the first nine months of 1952 as compared with last year. Home building and electric power were exceptions. Construction generally was seven per cent under the 1951 levels, which had witnessed multi-million dollar expansions in the steel industry. Steel production in the Cleveland area at the end of the third quarter was reduced by the eight-week strike to just over three million tons, or 14 per cent below production for the first nine months of 1951. However, the lost tonnage is being recovered as the new productive facilities added last year have made possible a 15 per cent increase in steelmaking capacity.

The machine tool, rubber, and other important manufacturing industries of the state are at peak levels of production to meet the strong civilian and defence demands. It was announced recently that the Atomic Energy Commission had chosen a large rubber manufacturing company in Akron to operate a new billion dollar plant, employing some 4,000 people, to produce isotope U-235.

—B.C. BUTLER

Consul of Canada and Trade Commissioner

PACKING NOTES

Last month, the United Nations International Children's Emergency Fund shipped some 1,610,000 pounds of dried skim milk powder from Canada to Brazil. Formerly, such shipments were dispatched in 200-pound barrels, with a total weight of 225 pounds. This time the milk powder went into 200-pound fibre drums, with tin bottoms and fibre tops—gross weight, 217 pounds. The result: a saving in rail and ocean charges on the 8,050 drums—and on the price of the containers.

TOUR OF TERRITORY

W. J. Millyard, Canadian Government Trade Commissioner in Bogotá, Colombia, will tour Ecuador from November 2-18. Businessmen interested in this country should write Mr. Millyard as soon as possible.

Burma

The New Central Bank

^{1,500,000}
BOMBAY—Legislation which came into force on July 1, 1952, has changed the Burmese monetary system and has invested the Union Bank of Burma with functions appropriate to a central bank. Among the changes in the monetary system introduced by this Act were:

- Abolition of the 100 per cent sterling backing previously required for the issue of currency.
- Termination of the fixed statutory value in terms of sterling of the present Burmese standard unit of monetary value (the kyat, previously the Burma rupee).
- Transfer of the power to issue currency from the Burma Currency Board in London to the Union Bank in Rangoon.
- Placing the currency on a decimal basis. Annas and pies have been eliminated and the fractional part of the "kyat" is called "pya"; 100 "pya" equal one "kyat".

The new Act requires the Union Bank to maintain an international reserve equal to not less than 25 per cent of the currency in circulation and the demand deposit liabilities. The reserve is no longer restricted to sterling but can be in short-term assets in any foreign currency or gold. The termination of the statutory value of the Burmese monetary unit in terms of sterling aims at ending *only* the fixity of the relationship, not the rate itself. There is no intention at present to change the parity of the kyat in relation to sterling. One kyat equals one shilling and sixpence sterling, or about twenty cents Canadian. The Act gives authority for determining the future parity of the kyat jointly to the Government and the Union Bank, with recognition of Burma's responsibilities as a member of the International Monetary Fund.

The new Act gives the Union Bank much wider functions in the banking field—responsibilities consistent with its new position as a central bank. For the first time, the Union Bank is in a position to influence directly the cost and availability of credit and to enforce banking practices throughout the country. The provisions in the Act prescribing the compulsory maintenance of reserves by the commercial banks and the ranges within which they may be varied places in its hands an important instrument of credit control. Further, the Union Bank is entrusted with the power to license and inspect all banks and to see that the activities of the banking system do not run counter to the national interest.

The Union Bank is empowered to engage in open-market operations in securities and commercial bills and to be a lender in the last resort to the commercial banks. It is also permitted to have a financial interest in agricultural and other banks which may be set up by Parliament, so that it may develop a close relationship with such institutions.

—BRUCE I. RANKIN

Commercial Secretary for Canada

South Africa

Industrial Progress Continues

Secondary industry has become the most important single productive factor in the Union's economy, though mining and agriculture continue prosperous.

JOHANNESBURG—The gradual and largely uninterrupted growth of industry in South Africa was recently highlighted in a table of production indexes published by the Standard Bank of South Africa. Power and transport, secondary industry, and building—closely associated activities—have made the most substantial increases, particularly since 1948, the year when import control was introduced. The figures, however, show progress nearly all along the line.

Index of Production
Base 1934-38 Average=1,000

	1939	1948	1949	1950	1951
Farming					
Agricultural	1,278	1,596	1,266	1,566	1,512
Pastoral	1,128	1,319	1,378	1,462	1,430
Minerals					
Precious	927	982	1,011	1,078	1,106
Industrial	1,031	1,790	1,979	2,101	2,274
Power and Transportation	1,292	1,910	2,078	2,252	2,423
Secondary Industry	1,093	2,253	2,567	2,761	2,892
Building	1,076	1,496	1,725	1,751	1,937
General Index	1,130	1,761	1,881	2,040	2,133

Manufacturing

In recent years, secondary industry has become the most important single productive factor in the Union's economy. The expanding needs of the country continue to provide a stable market for its products. Value of production is now about £ 1,000 M a year—a great increase over even five years ago.

Compared with 1951, almost all types of industry are finding selling conditions more competitive. This is particularly true of consumer goods where, in certain lines, production no longer falls behind demand. For instance, manufacturers of clothing and footwear are experiencing rather slack times because of stocks held by merchants and limited buying. Capital goods manufacturers and those supplying the mines, the engineering trade, the motor industry, and the electrical and paint trades are enjoying fairly steady activity.

Raw materials for industry, an important factor in the nation's economy, are causing some anxiety because the increase in overseas prices

has stepped up the amount of foreign exchange needed to pay for such materials to a formidable sum. Use of more local raw materials is being strenuously promoted, as is the expansion of industrial exports. Statistics given in a report by the Department of Commerce and Industries show that during 1949 (latest figures available) only 39 per cent of all the raw materials used in South African factories was imported. This compares with 48 per cent in 1938. The Union in 1949 spent more than $3\frac{1}{2}$ times the foreign exchange on imported raw materials that it did in 1938. The volume increase, however, was only 67 per cent, but the volume increase in the use of local materials was 143 per cent. During this period of industrial development, total consumption of raw materials more than doubled.

Because available resources of materials, power, transport, and capital are already overtaxed, the declared policy of the Government is to give existing industrial undertakings first claim on such resources. Until their demands have been adequately met, any application for the establishment of new industries will be strictly scrutinized. In other words, further industrial development will be undertaken with caution.

Gold and Diamonds

Gold output for the first half of 1952 was 5,824,318 fine ounces with a value (at the rate of £12.8.3 an ounce) of £72,294,348. This represents an increase of 129,495 ounces, worth £1,607,359, over that for the first six months of 1951. Adding to this year's value of production £2,220,950 worth sold at premium prices, the total is £74,515,298—or £39,562 less than the figure for the first half of 1951, during which period actual output was less in value but sales at premium prices were higher.



These sheep and goats in a hilly section of Cape Province are finding the grazing poor, because of the long drought. However, timely rains have now improved the livestock situation generally.

Diamond production, as measured by the value of exports from the Union, reached £13·2 million in the first five months of 1952, compared with £10·9 million over the similar period for 1951. For 1951 as a whole, diamond exports were valued at £25,211,484, over half of which represents the trade in gems. Industrial diamonds traded far exceeded gems in quantity, the comparative weights for 1951 being 4,483,279 and 116,819 carats respectively.

In June the South African diamond market welcomed the marketing agreement between the Diamond Corporation and Williamsons (Canadian) Diamonds. The dispute between these two organizations had a very disturbing effect on the orderly production and sale of diamonds in world markets.

Other Minerals

Sales of other minerals—particularly asbestos, manganese, chrome and coal—showed substantial increases.

Uranium is to be produced in South Africa some time this autumn, through a process which extracts it from gold mine residues. The plant, the first of several to be established on the Witwatersrand and in the Free State, is the result of negotiations with British and American representatives in 1950. The uranium will be marketed through the South African Atomic Energy Board at agreed prices. The gold mines in time will derive considerable profit from uranium production because, though its concentration in gold-bearing ore is low, extraction is relatively cheap because the greater part of the cost is borne by the gold content.

Agriculture and Livestock

In the agricultural field, drought was followed in July by timely rains. This moisture improved the outlook for winter grain and preservation of stock, sales of which had been heavy because of poor grazing conditions.

The all-important maize harvest for 1951-52 is put at 18 million bags, nearly 11 million bags short of the previous season's crop. Sizable imports from the United States are relieving this situation somewhat. Wheat production is reported as satisfactory. Imports in 1950 amounted to about 3·2 million bags of 200 lb.; in 1951, this went down to 1·7 million, and for the first five months of this year totalled 508 thousand bags. Last year's poor output of sugar—532,505 tons—is not expected to improve much in the 1952-53 season. Recent estimates are about 563 thousand tons, well below the 1950-51 record of 685,798 tons.

Reports from the deciduous fruit-growing areas are satisfactory; the coming season's crops promise to be large if the weather remains favourable. Exports for the 1951-52 season amounted to 35,901 tons—slightly below the previous year. Supplies of citrus fruits are ample and exports for the current year remain ahead of those for 1951-52. The crop is expected to be as good as, if not better than, last year's. Up to July 9 some 1,184,301 cases of 70 lb. each had been exported.

Tobacco production (Orinoco variety) for the current season is estimated at 14 million lb., compared with 2 million lb. last season. The development of this more popular type of tobacco is expected to improve the export prospects for the Union's surplus tobacco crop.

Despite the drought in many parts of the country before July, cattle and sheep continue in fairly good condition, with losses about normal for the season. Slaughtering has been much heavier this year. As a result, there are good surpluses of beef and mutton on the market but warnings of a serious shortage to come.

Wool Sold at Union Ports

	July 1, 1950- May 3, 1951	July 1, 1951- May 3, 1952
Net weight (lb.)	227,000,000	244,700,000
Market value (£)	91,000,000	49,000,000
Average price (pence per lb.)	95.90	48.20

The Union's balance of payments position clearly reflects the deterioration caused by the lower price for wool.

Last season, farmers in the Orange Free State reaped more wheat than ever before—some 3.1 million bags. This has led them to hope that, with improved varieties and better knowledge of fertilizer requirements, the Union's crop may equal the four million odd bags required to end the chronic wheat shortage.

—BLAIR BIRKETT
Canadian Government Trade Commissioner



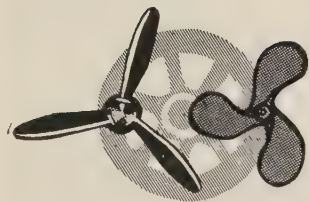
TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, will begin a tour of Canada in Vancouver on November 19. His itinerary follows:

- | | |
|----------------------|-------------------|
| Vancouver—Nov. 19-22 | Montreal—Dec. 1-6 |
| Toronto—Nov. 24-29 | Ottawa—Dec. 8-11 |

Businessmen may get in touch with Mr. Bissett through the Board of Trade in Montreal and Toronto, and the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.) and Vancouver (355 Burrard St.).



TRANSPORTATION NOTES

AUSTRALIA

Harbour Improvements—A large scheme of dredging and land reclamation at Newcastle, near Sydney, which will provide deeper water for shipping, has been approved by the New South Wales Cabinet. Newcastle is the biggest steel port in Australia and the scheme, spread over 40 years, provides for the reclaiming of some 6,000 acres of islands in the Hunter River and the dredging of the north and south arms of the river. It is estimated that the land reclaimed could be sold for about £5½ million, or £1 million more than the total cost of the proposed works.

A £4 million harbour development scheme is also in hand in Geelong, Victoria. Some of this work will be necessary to meet the shipping requirements of the new £8 million oil refinery which is being built at Geelong and which is due to be completed in 1954—*The Shipping World*, London, October 4.

BELGIUM

Diesel Locomotives—As a result of the expanding use of diesel electric locomotives, especially in North America, a Belgian company, "A.F.B.", ("Societe Angol-Franco-Belge de la Croyere, Seneffe et Godarville S.A.", of La Croyere) has begun to make these locomotives, looking to their eventual use on European railways.

The first diesel electric locomotive built in Belgium and presented for inspection last summer weighs 85 tons and has a 12-cylinder diesel motor producing 1,200 h.p. It has been estimated that it saves 50 to 60 per cent on upkeep and repairs, and from 50 to 75 per cent on fuel—Brussels, October 4.

CHILE

Railway Locomotives Imported—The Foreign Trade Council has authorized the import of ten locomotives of the Montana type from Japan, to cost US\$1,315,000. Of this amount US\$65,750 is payable during the current year; the remainder will be spread over the period 1953 to 1957. This is the first important deal arranged with Japan since the war—Santiago, October 4.

IRELAND

Airlines Record—Aer Lingus (Irish Airlines), for the months of June, July and August, 1952, broke all previous records for the number of passengers carried. In fact, the August figure of 55,500 marked an increase of 20 per cent over last year. The company's new services to Cardiff and Edinburgh carried 2,200 passengers since their inauguration early this summer.

Freight traffic is also increasing rapidly. In the twelve months ended March 31, 1952, 3,418 tons of goods were carried. This represented almost one-third of the 11,910 tons carried in the fifteen years of the company's existence—Dublin, October 16.

MOZAMBIQUE

Beira Sets Record—Beira port and railways are setting up a new tonnage record every few months with almost monotonous regularity.

In September, the June record was broken when the port handled a gross total of 254,801 tons. September was an exceptionally heavy month for shipping arrivals. The month began with 16 ships in port, including coasters, and 67 ships arrived during the month. On October 1 there were 13 ships in port; altogether 70 ships were cleared during September.

Port tonnage figures for the first nine months of this year are: landed 984,713 tons; shipped 967,087 tons; gross total 1,951,800 tons. This is 225,708 tons above the figure for the corresponding period last year. In the last four months the port has dealt with 992,801 tons.

Six new Garrett locomotives will arrive next month and two more are awaiting shipment in Europe. These will complete Beira Railways' present orders for locomotives and will leave the railways well supplied with tractive power and trucks—Johannesburg, October 16.

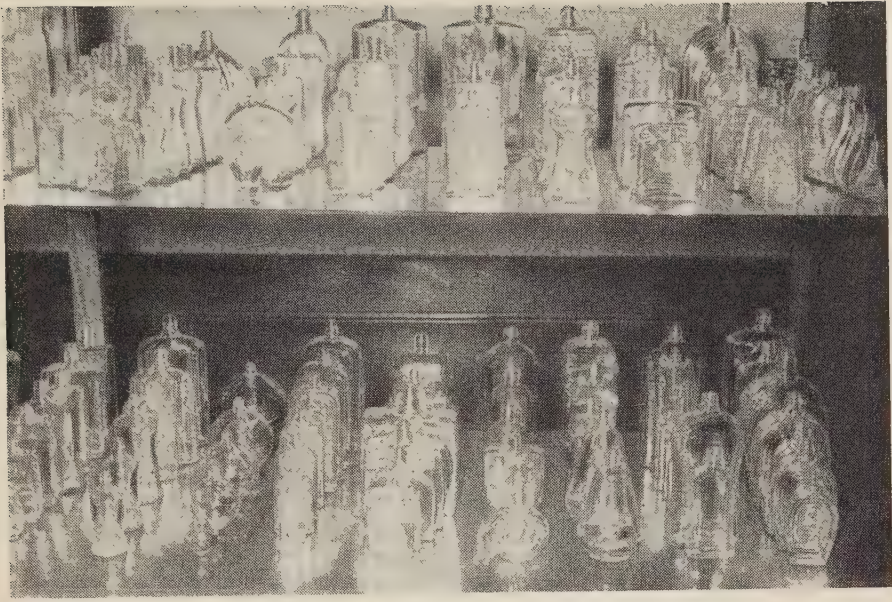
PAKISTAN

Road Transport—The nationalization of road transport is progressing in West Pakistan. Three provinces have already begun nationalization programs and have established transport boards to operate them. It is estimated that during 1951 the nationalized services in the Provinces of Punjab, North West Frontier, and Sind in East Pakistan carried nearly 40 million passengers and covered 20 million miles.

This nationalization program, it is claimed, will be of great importance to the automobile industry in Pakistan. The provincial governments have prepared schemes to improve existing and establish new repair and maintenance workshops for the transport services. The Central Government has also drawn up a scheme for setting up a central mechanical workshop and a regional training centre for motor drivers and mechanics. Technical assistance is being provided by the International Labour Organization—Karachi, September 23.

SCOTLAND

Launchings Are Lower—Scottish launchings for the first eight months of 1952 amounted to 292,385 tons gross, a reduction of 52 thousand tons compared with the output in the same period of 1951. The Clyde's total is 46 ships of 245,613 tons, against 51 ships of 285,804 tons in 1951. The east of Scotland figures are 19 ships of 46,772 tons, against 28 ships of 58,679 tons for the 1951 period—London, October 10.



Brazil Makes Glass

RIO DE JANEIRO—Brazil's glass industry has been profitable for most of the firms engaged in it. Flat glass, mouldedware and crystal are made. The industry is centered largely in São Paulo where approximately 55 per cent of production takes place, followed by the Federal District with some 25 per cent. The balance is spread over the country, with the States of Rio de Janeiro, Rio Grande do Sul and Bahia contributing most. One firm produces all the flat glass, with headquarters in Rio and a branch factory in São Paulo. The moulded glass industry, catering to industrial and domestic users, has four large manufacturers accounting for 90 per cent of production and several smaller firms supplying the remainder.

Unfortunately the only figures available are rather old but they indicate that in 1948 the industry employed more than 12,500 persons, and in 1950 investment totalled the equivalent of \$30 million. The larger companies, of course, tend to reduce costs by introducing automatic machinery wherever possible. The principal obstacles to a more rapid and extensive expansion have been the lack of automatic machinery because it requires a heavy investment, of skilled labour, and of raw materials, especially soda ash.

For a few years before the war, Brazil's annual consumption of flat glass was running between eight and nine thousand tons. It has steadily increased and last year was close to 32,000 tons. Because of the difficulties of insuring imports of glass under wartime conditions and of providing the exchange to finance them, the Government set out to encourage the development of a domestic industry. The first factory was opened in 1943. Since that time, with the exception of the years 1947 and 1948, the trend in flat glass imports has been downward, from some 8,500 tons to

less than 3,500 tons last year. Domestic production has risen during the same period from about 1,500 tons in 1943 to 28,500 tons in 1951. However, the expansion of the local industry has not been sufficient to satisfy all domestic requirements and import licences are available periodically, particularly for special types of glass not manufactured locally. Generally, the permissible sources of supply are based on the currencies available.

There has also been expansion in the mouldedware industry which produces flasks, bottles, containers, tableware, crystalware, etc., for industrial and domestic use. Imports of these items were down last year compared with previous years, an example being the drop in imports of tableware from 4,520 tons in 1947 to 202 tons in 1951. Bottle production is largely in the hands of two companies, one with a capacity of 210 million units.

—C. R. GALLOW

Commercial Secretary for Canada

The Congo Has Its Problems

LEOPOLDVILLE—The first six months of 1952 found the economy of the Belgian Congo still healthy, but future prospects less favourable than a year ago. One major problem was the slump in the prices of palm and palm kernel oil; any further fall would make the situation critical.

This points up the fact that the great international markets where raw materials are sold are the real nerve centres of this colony. Fluctuations in commodity prices make themselves felt immediately and, because the Congo lives on its exports of agricultural products and raw materials, the effect is magnified. Moreover, a considerable part of the Colony's earnings is transmitted to Belgium instead of being spent or invested on the spot.

To improve this situation, the colony is trying to increase, or in some lines to create, a domestic market. The rise in public buying in 1951 did help to step up local production of consumer goods.

The expansion of industry, however, is hampered at present by a shortage of labour. The rapid evolution of the Congo has heightened the need for technically and professionally trained workers, and for greater mechanization. In several centres a lack of power is also a limiting factor.

New techniques are coming to the fore both in the mining industry and in agriculture. In the copper, tin and gold mines, for example, the surface only has been worked. Now the lodes must be followed underground—and this means a different type of mining. In agriculture too changes are in the wind and a large number of experts are studying and introducing mechanized farming and greater use of fertilizers.

The Government's ten-year plan, which is just entering a particularly active phase, is rapidly modifying the whole economic structure. At the moment, the Congo is expanding rapidly, producing more goods and earning greater revenue. Nevertheless, this period must be regarded as one of the most critical in its evolution.

—L. A. CAMPEAU

Acting Canadian Government Trade Commissioner



COMMODITY NOTES

AUSTRALIA

Coal—Arrangements have been made to ship 30 thousand tons of coal from Queensland to Pakistan. Australia now has a surplus of steaming coal available for export, although gas coal is still in short supply and some is still being imported. Pakistan is considered a substantial market for general purpose and powerhouse coal—Sydney, September 20.

BRAZIL

Coffee—Exports of the 1952-53 coffee crop are increasing steadily. The Coffee Economy Division recently announced that from the beginning of the crop year, July 1st, until September 12th, 3,357,930 bags were shipped. Santos set a new record between September 1st and 12th by shipping 763,384 bags valued at over \$30 million—São Paulo, October 2.

COLOMBIA

Rubber—Production of rubber in Colombia is being helped by the fight against the disease which has affected Hevea-type natural rubber. Recently a new species of rubber tree resistant to the rubber leaf disease has been discovered growing in the Amazon River region of Colombia. Seeds from these trees are being distributed and some trees transplanted from the jungle to more suitable agricultural regions—Bogotá, September 18.

DENMARK

Malting Barley—So far this year, Denmark has contracted to deliver to foreign buyers 205,000 m. tons of malting barley, valued at 130 million kr. Most of this barley will go to Germany against payment in dollars. Italy and Belgium are also major purchasers—The Hague, October 10.

INDIA

Pepper—According to the final report for 1952-53, a fall of a little over 15 per cent in the production of black pepper has been forecast. The annual average figure for the whole of the Travancore-Cochin State,

where most of the crop is grown, is 15 thousand tons. Complete failure of the rains during the early part of the monsoon this year has resulted in widespread damage to standing crops over the whole of South India—New Delhi, September 20.

JAPAN

Silk—Export contracts for silk fabrics totalled 6,280,230 linear yards in August. This was the highest monthly total in 1952 and twice the monthly average for 1951. Silk fabric shipments in August and September are forecast at over 3½ million yards. The silk fabric industry will probably recover from the low levels which have prevailed for the past year—Tokyo, October 22.

NORWAY

Timber—During the lumber season which closed on June 30th, Norway had a record production of 8·18 million cubic metres, or 17 per cent over the original program and 1·63 million cubic metres more than in the previous season. Exports of pitprops and mining timber will thus probably total 140-150 thousand cubic metres, as against the 50 thousand cubic metres planned. Exports of other timber will probably reach 350 thousand cubic metres as compared with the 275 thousand cubic metres originally estimated. In July, unusually large shipments of pitprops went to the United Kingdom—Oslo, October 7.

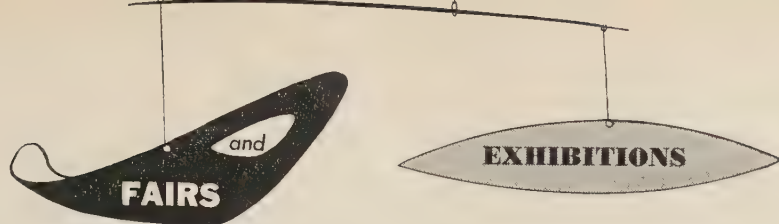
TASMANIA

Zinc—An expansion project costing £A4 million is planned by the Electrolytic Zinc Co. of Australasia Ltd. at Risdon, about four miles from Hobart, Tasmania. Existing plant at Risdon will be enlarged and will then extend over about 60 acres. In addition to the production of about 80 thousand tons of zinc annually, the plant will produce more than 100 thousand tons of sulphuric acid a year and 50 thousand tons of sulphate of ammonia. These items will assist in Australia's food production, while the locally produced sulphate of ammonia will take the place of expensive imported brimstone—Melbourne, September 25.

UNITED STATES

Natural Gas—The U.S. Bureau of Mines reported on September 30th that marketed natural gas production in the United States has tripled in the 14-year period 1936-1950—from two trillion to over six trillion cubic feet.

Texas was by far the greatest producer, with 3·1 trillion cubic feet in 1950, compared with 734 billion cubic feet in 1936. Other large producers in 1950 were Louisiana, with 832 billion cubic feet; California with 558 billion cubic feet, and Oklahoma with 482 billion cubic feet. Increasing use of long distance transmission lines, says the report, is responsible for much of the expansion—Washington, October 20.



For Doctors Only

Each year the medical profession is offered a unique opportunity to see the latest developments in pharmaceutical research, ethical medical products, surgical instruments, hospital equipment and many other items at the London Medical Exhibition. This year's show takes place from November 17-21 in the New Hall of the Royal Horticultural Society, Greycoat Street, London, S.W.1. It is open every day from 11.30 a.m. to 6.30 p.m.

The public is not admitted but members of the profession from overseas are made especially welcome.

Market Gardens—and Amsterdam

Designed to show how over a million people in the Amsterdam area are supplied with fruit and vegetables each day, "Amato", the September horticultural fair, reported a successful four-day run. Some 500 market gardeners, 200 wholesalers and 1,500 retailers organized the fair, now in its second year, and over 400 food production and distribution firms exhibited. Fruits, vegetables, grading, packing and storage facilities, handling and processing methods and machinery, and a variety of hand tools and machinery were displayed.

The Fair is held at the horticultural market on the western outskirts of Amsterdam—the largest market of its kind in Europe, occupying 62 acres and with cheap and rapid transport through a network of waterways and roads. Turnover of fruits and vegetables each year is about 177,000 m. tons, with a value of close to \$13 million.

Munich Hand-Mades

Hand-made articles, including clothing, textiles, furniture, etc., made up 68 per cent of the exhibits at the Fourth German Manual Products Fair held in Munich this past summer. Other exhibits came from firms supplying equipment, such as woodworking and metal-working machinery.

Companies from all over the world participated and those from Spain, Italy, France, England and Austria are said to have been among the most successful. The fifth fair will be held in the spring of 1953; definite dates have not yet been announced.

Coming Events . . .

- Frankfurt International Spring Fair, February 22-26, 1953—for full information write Messe-und Ausstellungsgesellschaft M.B.H., Frankfurt am Main, Germany.
- Cologne International Spring Fair, February 22-March 12, 1953—includes Domestic Appliance and Hardware Fair, February 22-24; Textile and Clothing Fair, March 8-10; Foreign Country Groups, March 8-12. Write Messe-und Ausstellungsgesellschaft, M.B.H., Messeplatz, Kolm-Deutz, Germany, for details.

British Radio Show

The best attendance since 1949 was chalked up during the ten-day run of the National Radio Show at Earls Court, London. The final figure on closing day, September 6, was 289,899, an increase of 57,147 over last year. Overseas visitors totalled 2,114; last year, 1,818.

Feature attractions for the public were the Radio Show Studio (1,000 seats) where visitors could watch BBC rehearsals and performances; demonstrations of underwater television, a television telephone and BBC sound effects; two "see yourself televised" sideshows; and two "hear your own recorded voice" demonstrations. The show included displays of electronic devices, and the biggest exhibit yet by the Royal Navy, Army and RAF.

Next year's Radio Show, with new and improved features, is already being planned for the beginning of September.



The "Canada" stand at the International Machine Tool Exhibition, Olympia, London, September 17-October 4, played up next year's Trade Fair at Toronto and attracted much attention.



GENERAL NOTES

AUSTRALIA

Ductile Iron—It is reported that ductile iron, which is made from pig iron, will shortly be manufactured in Australia. The International Nickel Company of America has granted licences to some Australian manufacturers to produce the metal. A German technician who conducted research work into the iron when technical director of the Skoda works was brought to Australia by the Government to advise local industry—Melbourne, September 19.

BAHAMAS

Tourist Season—The summer tourist season in the Bahamas closed last August. It was the best so far, with a total of 3,841 stopover visitors and 3,344 transients, compared with 3,083 and 1,007 respectively in the corresponding period of 1951. A satisfactory winter season is expected and arrangements have been made for several large luxury liners to call at Nassau. A vigorous tourist advertising campaign is being carried on.

Legislation has been passed to permit the building in Nassau of two new hotels, one with 300 and the other with 200 bedrooms. Re-opening of the large recreation centre in Grand Bahamas which was closed some time ago because of financial difficulties will be pushed—Kingston, September 29.

CUBA

Insemination Centre—Cuba inaugurated its first artificial insemination centre in a provincial agricultural station near Havana. A second one will soon be opened in the important Sancti Spiritus dairy area situated about the middle of the Island—Havana, September 22.

INDIA

Investigation of Talc—Some Indian talcs conform to the standards of high-grade talcs and are suitable for steatite insulators, and others can be used for various ceramic purposes. This is the finding of a detailed investigation of domestic talcs undertaken in the laboratories of the Central Glass and Ceramic Research Institute, Calcutta. Talc deposits in India are fairly extensive, Rajputana being the principal source, followed by Madhya Pradesh, Bihar, Madras and Central India. Talc has not yet been utilized in the Indian ceramic industries to any appreciable extent—New Delhi, September 15.

JAMAICA

Development of Industry—The British Government's Colonial Development and Welfare Corporation, which was set up in 1948, has decided to make available on loan to the Jamaica Government's recently established Industrial Development Corporation up to £500 million, to enable the latter to finance approved local enterprises. It is hoped also that Colonial Development and Welfare will help the local Government's Agricultural Development Corporation to some extent in future—Kingston, September 29.

KENYA

Oil Refinery Planned—Kenya is to have a £40-million oil refinery, to be erected near Mombasa where the Government is to take over more than 2,200 acres of land. Builders will be the Shell Company. The reason for the refinery, according to a government statement, is that it is "essential to the security and well-being of Kenya". Dictates of the Commonwealth's world-wide defence plan, with special emphasis on the Indian Ocean and the Middle East, are understood to be behind this move—Johannesburg, September 20.

SPAIN

Hydro-Electric Power—During the past twelve years, Spain has doubled her hydraulic storage capacity. From 1940 to April 30, 1952, 36 new dams have been built with a storage capacity of 3,164 million cubic metres and a total hydro-electric power of 1,114 million kwh. Present storage capacity is estimated at 7,099 million cubic metres, as against 3,395 million cubic metres for the total number of storage dams in Spain in 1940—Madrid, September 16.

UNITED KINGDOM

Balance of Payments—It is officially estimated that the United Kingdom's balance of payments on current account for the first six months of 1952 showed a surplus of £24 million. This compares with a deficit of £71 million for the first half of 1951 and £465 million for the whole of 1951. Mutual Security Aid from the United States is excluded from these figures—London, October 14.

September Exports—United Kingdom exports in September were valued at £186·2 million—about 10 per cent less than in September 1951. There was, however, a recovery in sales to North America. The value of exports to Canada was £10·9 million, in comparison with £8·5 million in September 1951. Shipments to the United States also rose—from £9·6 million in September 1951 to £11·9 million last month.

Imports into the U.K. in September were again lower at £238·4 million, a fall of 29 per cent as compared with September of last year. The excess of imports over total exports was £43·7 million in September, compared with £118·9 million in September 1951—London, October 14.

United States

The Market for Hardwoods

Canadian dealers in birch and hard maple should investigate the southern U.S. market.

NEW ORLEANS—One of the assurances of a strong continuing Canada-U.S. trade lies in that country's gradual depletion of natural resources which Canada still has in comparative abundance.

This is already evident in the United States market for Canadian hardwoods. The U.S. reached its peak hardwoods production in 1909-1910, when some 10,613 million board feet were milled. By 1932, only 1,405 million board feet were being produced, and by 1949, production had only gone up to 6,678 million board feet. Yet the population had increased from 91·9 million in 1910 to 154·3 million in 1951, with a corresponding growth in housing and other developments.

Quantitatively, the U.S. production of hardwoods has thus not kept pace with the country's potential market. Qualitatively too there has been a gradual deterioration. All this spells opportunity for exporters.

Southern Hardwoods Depleted

The Michigan area and the southeastern states produce major quantities of hardwood—and Michigan is the most important source of birch and maple.

A survey of southern hardwoods conducted by the United States Forest Service in 1932-1935 and again in 1945 indicated a decrease of about 14 per cent in hardwood sawlog growing stock during the interval. A more recent check, made in the State of Mississippi in 1946-1948, confirmed that the reduction in higher-grade hardwoods was continuing. Over the 14-year-period (1932-35 to 1946-48) hardwood sawlog volume had gone down 20 per cent. Two thirds of the hardwood saw timber was reported to be in grade 3 logs—i.e., small logs which yield less than 40 per cent of their volume in No. 1 common and better grades of lumber and logs, and whose usefulness is limited to ties and timber. Conditions may be worse in Mississippi than in certain other states, but the sample report has significance because three of the four major forests of the lower South extend into Mississippi. Conditions in that state may therefore be taken as indicating, to a certain degree, those in southern forests.

The problem that confronts the Canadian shipper of higher-grade hardwoods such as birch and maple, therefore, is not so much competition from domestic sources as from imported supplies and substitute materials.

The tariff on imported Canadian hardwoods is, as might be expected, a comparatively light one of \$1.50 per thousand board feet. The governing factor in competition is thus the initial mill cost and freight rates.

The 1947 United States census showed that the furniture trade in that year used some 1,504,977 M feet of hardwoods, 70·4 per cent of which went into wooden house furniture. About 7 per cent was used in partitions and fixtures.

In the South, with its supply of oak, red gum, tupelo and yellow poplar, a high-grade furniture industry has flourished for many years. North Carolina in 1951, for example, had some 409 factories giving employment to 32 thousand people. In addition, furniture factories and wood-working mills are found in every southern state.

These factories and mills are familiar with birch and maple through supplies obtained from the Michigan area. Consequently, there has been little difficulty in introducing Canadian birch and maple.

Freight Costs

The following is a sample of freight rates on Canadian birch or maple shipped from the arbitrarily selected point of Peterborough, Ontario, to some of the principal southern distribution centres. The rates cover birch and maple lumber, veneers, flooring, shingles, etc.

Peterborough, Ontario to (per 100 lb.)			
Ft. Worth	Memphis	Atlanta	New Orleans
\$1.50	\$1.02½	\$1.02½	\$1.15½

These rates are, of course, merely representative and a Canadian shipper should check with his freight agent.

Trade Requirements

Hardwoods are usually imported from Canada by lumber wholesalers who sell in carlots to the various mills. These firms report that they usually require yellow birch and hard maple in selects and better and in thickness of 4/4, 5/4, 6/4, and 8/4, with small amounts of 10/4, 12/4, and 16/4. The main demand, however, is for 4/4 and 5/5. The lumber is usually sold rough, random widths and lengths with a minimum of 35 per cent 14' and 16' lengths required and good average widths.

In most cases, the wood must be kiln-dried to 6-8 per cent. The original shipper furnishes this service if he has dry kilns, and custom kiln-drying companies do it where milling-in-transit applies.

Some shipments into the southern states have consisted of clear hard maple dimension. This material is shipped rough, green and in specified quantities of listed sizes.

Canadian yellow birch and hard maple are used generally for mill-work and in banks, hospitals, schools and certain industrial plants. Terms of trade vary, but lumber wholesalers usually quote their customers 2 per cent ten days, ADF, net thirty days.

Canadian firms do not seem to be making any unified effort to publicize the quality of Canadian hardwoods in U.S. lumber trade publications, nor are they taking any general steps to direct attention to Canadian supplies. Yet even a modest effort, without regard to firm or brand, would redound to the benefit of Canadian shippers.

Meanwhile, any interested Canadian firms should write the Consul of Canada and Trade Commissioner, 201 International Trade Mart, New Orleans 12, Louisiana, who is in touch with reliable importing wholesalers.

—G. A. NEWMAN

Consul of Canada and Trade Commissioner

TRADE AND TARIFF REGULATIONS

SOUTH AFRICA

Dollar Import Quotas Reduced—In *Foreign Trade* of October 4, 1952 (page 26), it was reported that the preliminary allocation for imports of consumer goods into South Africa in 1953 would be 30 per cent of 1948 imports.

It has now been learned unofficially that the preliminary allocation will be issued on the basis of 20 per cent in general permits (i.e., valid for imports from all sources) and 80 per cent in restricted permits (i.e., valid for imports from soft currency countries). This is less than the former split which has been, since the present licensing system was adopted in 1951, 25 per cent in general permits to 75 per cent in restricted permits.

TANGANYIKA

Dollar Import Licences Reviewed—To assess Tanganyika's outstanding liability in respect of hard currency goods ordered in 1952, the Trade and Economic Division announced today that all licences to import North American goods issued before November 1, 1952, will be cancelled on November 30, 1952, unless they have been previously surrendered and their validity extended.

Canadian exporters should be sure before making shipment that the Tanganyikan importer is in possession of a valid licence—Johannesburg, October 10.

UNITED KINGDOM

Dollar Imports of Tool Handles Invited—In a Notice to Importers, dated October 15, the Board of Trade invites applications for licences to import from Canada and the United States, during the period up to June 30, 1953, hardwood tool handles of the following types:

Ash handles: Rake and hoe, hay fork, manure fork, Irish shovel, American shovel, ash stem, ash "D", and scythe snaths;

Hickory handles: Axe, adze claw hammer, railroad pick.

The notice explains that applicants who imported handles in the past from Canada and the United States and who are tool manufacturers should state the quantity and value of each type imported during the year ended June 30, 1952, and retained for their own use. Applicants who have not imported tool handles from Canada and the United States since the war should state whether manufacturers have placed orders with them, giving details, while those who are also tool manufacturers should state what proportion of the quantity applied for is required for their own use.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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Venezuela Colombia	Vice-Consul of Canada and Acting Agricultural Trade Commissioner		

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0366.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 23	Notes (See below)
Argentina	Peso	Preferential buying	.1286	
		Basic buying	.1929	(1)
		Preferential selling	.1929	
		Basic selling	.1286	
		Free	.0694	
Austria	Schilling		.0452	
Australia	Pound		2.1605	
Belgium-Luxembourg & Belgian Dependencies	Franc		.0193	
Bolivia	Boliviano	Official	.0161	tax 5% (1)
		Differential	.0096	tax 3% (2)
British West Indies (except Jamaica)	Dollar		.5626	
Brazil	Cruzeiro		.0521	tax 8% (2)
Burma	Kyat		.2025	
Ceylon	Rupee		.2026	
Chile	Peso	Official	.0311	(1)
		Commercial	.0161	
		Free	.00766	
Colombia	Peso	Basic	.3859	tax 3% (2)
		Coffee Buying	.4252	
Costa Rica	Colon	Official	.1722	(3)
		Free	.1446	*Aug. 29
Cuba	Peso		.9647	tax 2%
Czechoslovakia	Koruna		.0193	
Denmark	Krone		.1397	
Dominican Republic	Peso		.9647	
Ecuador	Sucre	Official	.0643	(4)
		Free	.0556	
Egypt	Pound		2.7702	
Fiji	Pound		2.4330	
Finland	Markka		.0042	
France	Franc		.00276	
French Africa	Franc		.00554	
French Pacific Ter.	Franc		.01522	
Germany	D Mark		.2297	
Greece	Drachma		.000064	
Guatemala	Quetzal		.9647	
Haiti	Gourde		.1929	
Honduras	Lempira		.4823	
Hong Kong	Dollar	Free	.1512	*Sept. 8
Iceland	Krone	Official	.0592	
		Special buying	.0456	
		Special selling	.0370	
India	Rupee		.2026	
Indonesia	Rupiah	Basic	.0846	
		With Surcharge I	.0423	(5)
		With Surcharge II	.0282	
		Dollar certificate	.0018	*Sept. 15

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 23	Notes (See below)
Iran	Rial	Certificate I	·01265	*Aug. 29
		Certificate II	·01233	*Aug. 29
Iraq	Dinar		2·7006	
Ireland	Pound		2·7006	
Israel	Pound	Basic	2·7011	
		Special	1·3506	
		Investment	·9647	
Italy	Lira		·00155	
Jamaica	Pound		2·7006	
Japan	Yen		·00268	
Lebanon	Pound	Free	·2701	*Aug. 29
Luxembourg (See Belgium)				
Mexico	Peso		·1115	
Netherlands	Guilder		·2539	
Netherlands Antilles	Guilder		·5115	
New Zealand	Pound		2·7006	
Nicaragua	Cordoba	Effective buying	·1462	(6)
		Official selling	·1368	
		With Surcharge I	·1198	
		With Surcharge II	·0960	
Norway	Krone		·1351	
Pakistan	Rupee		·2916	
Panama	Balboa		·9547	
Paraguay	Guarani	Basic	·0643	(1)
		With Surcharge I	·0450	(7)
		With Surcharge II	·0322	
Peru	Sol		·0618	
Philippines	Peso		·4823	tax 17% (2)
Portugal	Escudo		·0336	
El Salvador	Colon		·3859	
Singapore & Malaya	Straits dollar		·3151	
South Africa (Union of)	Pound		2·7006	
Spain & Dependencies	Peseta	Basic buying	·0441	
		Basic selling	·0860	(1)
		Free	·0243	
Sweden	Krona		·1865	
Switzerland	Franc		·2248	
Syria	Pound		·2710	*Sept. 11
Thailand	Baht	Official	·0772	(1)
		Free	·0540	*Aug. 29
Turkey	Lira		·3445	
United Kingdom	Pound		2·7006	
United States	Dollar		·9647	
Uruguay	Peso	Official	·6351	
		Basic buying	·5420	
		Special buying	·4105	(1)
		Basic selling	·5077	
		Special selling	·3938	
Venezuela	Bolivar		·2880	(8)
Yugoslavia	Dinar		·0032	

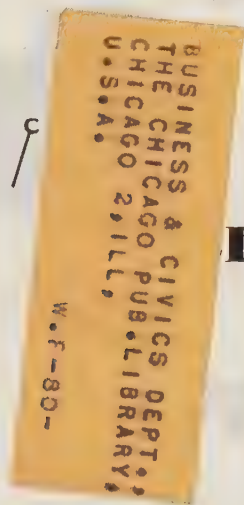
* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

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have a representative**



CIUDAD TRUJILLO

The Trade Commissioner Service of the Department of Trade and Commerce has recently opened an office in Ciudad Trujillo, capital of the Dominican Republic.

Ciudad Trujillo is your 50th office in 39 countries throughout the world. Canada's trade representatives in these posts report to you on business conditions and opportunities abroad through the pages of Foreign Trade.

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52 ISSUES FOR \$2

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foreign **trade**

NOVEMBER 8, 1952



Steel Makes a Comeback (page 5)



Who Reads "Foreign Trade"?

Every Saturday "Foreign Trade" sets out on its journey from printer to subscriber. That journey begins in the Government Printing Bureau here in Ottawa. It ends in each of our ten provinces and in forty foreign countries, as far apart as Australia and Argentina, Cuba and Ceylon.

Primarily, the Department publishes "Foreign Trade" for the Canadian exporter and importer . . . to keep them in touch with foreign markets and sources of supply. Recently we began combing through our circulation list to see whether we were really reaching the Canadian businessman. Our research turned up some interesting and encouraging facts.

To talk in categories, manufacturers—from "automotive" to "wood products"—naturally comprise the largest group of subscribers. Next in number come "trade and distribution"—the importers, the manufacturers' agents, the retailers. In third place we found the transportation companies—the railways, the shipping firms and their agents, the airlines, etc. Close on their heels are the trade associations and the publishers, followed by educational institutions and libraries, and the banks and insurance companies. In fact, FT readers form a good cross-section of Canadian business life.

The foreign subscribers? They range from the Bank of England in London's Threadneedle Street to the Trade Development Office in Malta, the Parliamentary Library in Cape Town, the China Mission of the Mutual Security Agency in Taiwan, and the Department of Foreign Affairs in Mexico City. Our most unusual reader? Probably His Imperial Highness, the Duke of Harar, Addis Ababa, Ethiopia.

—The Editor



foreign trade

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OTTAWA, NOVEMBER 8, 1952

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to by Standard Oil (N.J.)

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The Netherlands

The Merchant Marine Expands

. . . and earns foreign exchange to speed post-war economic recovery; keeps Netherlands shipyards bustling with activity.

THE HAGUE—The merchant fleet has contributed substantially to the Netherlands postwar economic recovery. During the war it went down from 2·3 million tons to only 1·6 million, but in the seven years since has made a spectacular comeback. On August 1, 1952, the mercantile marine consisted of 1,263 ships with a gross capacity of 3·2 million registered tons—the largest ever to sail under the Netherlands flag.

Aids Recovery

This strong shipping revival has had two effects. First, it has stimulated the domestic shipbuilding industry, and second, it has helped to swell revenues.

The Netherlands most pressing long-term economic problem is to maintain a reasonable standard of living for an ever-growing population. A country about half the size of New Brunswick, it has a population of 10·4 million and is thus one of the most densely settled regions in the world. Each year, in spite of emigration, over 40 thousand new labourers seek employment. The country has little natural wealth to support this growing multitude. Self-sufficiency in salt, 60 per cent of its coal needs, and 30 per cent of petroleum requirements, with agricultural land, exhaust its list of natural resources.

Before the war, Netherlands colonies in the Far East provided a substantial source of income and also served to employ many of its people. In the postwar years, the Netherlands has been forced to re-organize its economy. And the expansion of international services—of which shipping is one of the most important—is one of the principal means by which it hopes to solve its long-term economic difficulties.

The success of the merchant marine in earning foreign currency is shown in a survey carried out by the Netherlands Central Bureau of Statistics and covering 10 major shipping companies, representing over 60 per cent of the total mercantile fleet. The survey shows that in 1951 the ten companies studied earned a total of just over 800 million guilders in foreign currencies on freights covering Netherlands exports and shipping services between third countries. Freights on imports into the Netherlands paid in foreign currencies, and savings of foreign currency effected by payment of incoming cargoes and passages in Dutch currency, amounted to over 200 million guilders. Gross total of foreign currencies earned thus



Some 532 ships, with a gross tonnage of 1.7 million, have Rotterdam as their home port. Busiest harbour in the Netherlands, it is equipped with modern machinery installed to speed up both loading and unloading.

equalled over 1,000 million guilders. The ten shipping companies spent about 500 million guilders in foreign currencies for services abroad, leaving a net foreign currency earning of just over half a billion guilders for the year—or approximately seven per cent of the Netherlands total commodity exports.

Net earnings of foreign exchange by the shipping companies for 1949 and 1950 were 300 and 350 million guilders, respectively. The large increase to 500 million in 1951 came from increased ocean traffic, higher freight rates, and the greater tonnage of the ocean-going mercantile fleet.

The Merchantmen

The Netherlands merchant marine has 37 passenger ships with a total tonnage of 338.5 thousand gross registered tons. Fifteen vessels of the passenger fleet are steamers and the remainder are motorships. The S.S. *Nieuw Amsterdam*, of over 36 thousand tons, is the largest of the fleet. There are 409 passenger-cargo and cargo ships operating under the Netherlands flag.

The tanker fleet of 114 ships has a capacity of over 600 thousand gross registered tons. One-quarter of this tonnage sails out of home ports in the Netherlands Antilles.

The heavy loss of oil tankers during World War II and their importance after the war is evidenced by the fact that the Netherlands has built 35 of these in the past seven years, with a total tonnage of over 180 thousand gross registered tons.

Coasters up to 500 gross registered tons total 661, with a combined tonnage of just over 200 thousand gross registered tons. Expressed in

percentages, coasters comprise 56 per cent of the total fleet and seven per cent of the gross tonnage. Practically all the coasters are powered by marine diesel engines; more than half are from 200 to 500 G.R.T. capacity, and one out of three is less than five years old.

Netherlands Shipyards Busy

Netherlands shipyards at the beginning of 1952 had under construction for the merchant fleet some 175 ships, to a total of over 475 thousand G.R.T. In addition, Dutch shipbuilders are working on 96 ships, with a combined deadweight of almost 800 thousand tons, on orders from 27 different foreign countries. Included in this are passenger-cargo vessels, tankers and coasters.

The Netherlands has shown great versatility in ship construction. Dutch shipyards can build vessels ranging from the large transatlantic passenger liners to the smallest of dinghys. On the naval side they are building two cruisers, 12 destroyers, four submarines and 32 minesweepers. Construction of dredgers has become a specialty and the ocean-going tug too is particularly associated with the Netherlands flag. Holland's pre-eminence in the building of dredgers has resulted mainly from the national need over the centuries to master the science of dredging.

Additions to Fleet in the Year 1951

	Gross Tonnage
1 passenger ship	15,000
7 ships	between 7,000 and 10,000
5 ships	" 4,000 " 7,000
3 ships	" 1,000 " 4,000
129 ships	under 1,000

Holland has 82 shipyards along her coastline and on her inland waterways. Through the heart of the country flow the river Maas (Meuse) and the outlets of the Rhine. The greatest concentration of shipbuilding is along the rivers between Schiedam and Dordrecht, with Rotterdam the focal point of activity. Although Amsterdam has not as many shipyards, there are important companies operating there. The important shipbuilding area in the north of the country, centered around Groningen, is famous for its coastal vessels. A large and prosperous marine engine industry has grown up to supply the numerous domestic shipyards and fill export orders.

All the shipyards are working to capacity at present and, in spite of the uncertainty of the long-term shipping outlook, are expanding their operations.

Outlook for Netherlands Shipping

During the past two years, shipping activity has been greatly stimulated by the political tensions between East and West. However, world-wide inflation has boosted shipping construction and operational costs. Inflation in the Netherlands has been better controlled than in most other countries, largely because of stable labour-management relations. As a result, the country has been well able to compete in world shipping. A somewhat lower cost structure puts her merchant fleet in a good position to navigate both the smooth waters of a boom and the rougher seas of a slump.

—W. G. PYBUS

Assistant Commercial Secretary for Canada

United States

Steel Makes a Comeback

Rapid repair of shutdown mills, and newly installed capacity, made possible September's record steel output of over nine million net tons.

WASHINGTON—A recent report of the American Iron and Steel Institute indicates that September's output of raw steel from U.S. mills was the highest on record for a 30-day month. In fact, the turn-out of ingots and steel for castings was exceeded only by the March 1952 tonnage. It was 535 thousand tons more than was poured in August of this year, and 373 thousand tons above the production total for September 1951.

However, the eight-week steel strike in June and July adversely affected the production totals for the third quarter and the first nine months of the current year, in comparison with the respective periods of 1951.

Output by Quarters

Steel production in the first nine months of 1952 totalled 64,192,393 tons—or nearly 14·2 million tons under the 1951 output for the similar period. The third-quarter production this year was 19,159,645 tons, compared with 26,083,947 tons in the third quarter of 1951, 17,835,229 tons in the second quarter of 1952, and 27,197,518 tons in the first quarter of 1952.

The country's mills operated at an average rate of 101·6 per cent of theoretical capacity last month, against 92·4 per cent in the preceding month and 101·2 per cent in September of last year. Furnace operations averaged 70·3 per cent of capacity in this year's third quarter, compared with 66 per cent in the preceding three months and 99·4 per cent in the third quarter of 1951. The rate for the first nine months dropped to 79 per cent from 100·5 per cent in the same part of last year.

The following table shows the output of steel ingots and castings in net tons by months for the last three years:

	1952	1951	1950
September	*9,034,000	8,660,357	8,204,997
August	†8,498,687	8,739,095	8,242,174
July	1,626,958	8,684,495	8,082,922
June	1,639,491	8,662,348	8,143,230
May	8,204,596	9,100,155	8,564,207
April	7,991,142	8,845,979	8,224,504
March	9,404,191	9,076,630	7,497,822
February	8,657,210	7,770,407	6,803,032
January	9,136,117	8,848,466	7,941,797
	1951	1950	1949
December	8,885,129	8,355,311	7,717,258
November	8,793,651	8,023,393	4,216,262
October	9,116,134	8,752,688	925,433

* Preliminary.
† Revised.

The table below shows the rate of operations in percentage of installed capacity by open hearth (O.H.) Bessemer (Bess) and electric (Elec.) furnaces by months for the last twelve months, with the total for the industry:

1952	O.H.	Bess.	Elec.	Av.
September	*103·0	79·9	99·6	101·6
August	† 94·4	67·8	84·5	92·4
July	16·8	0·4	39·8	17·7
June	18·6	5·2	25·1	18·4
May	90·6	69·9	85·2	89·2
April	91·1	73·2	83·9	89·7
March	104·4	83·1	89·5	102·2
February	102·4	89·8	87·6	100·7
January	100·7	89·9	89·7	99·3
1951				
December	102·1	83·3	94·3	100·6
November	103·4	89·1	101·8	102·5
October	103·8	95·9	98·3	102·9
September	102·4	87·7	96·4	101·2

* Preliminary.

† Revised.

These figures are noteworthy. However, it is important to remember that they refer to raw steel and not finished mill forms and shapes such as large castings, plate, and tubular goods, production of which has not kept pace with that of ingots, blooms, billets and slabs.

September's increased raw steel output, however, indicates the rapidity with which the residual damage to blast furnaces and other raw steel facilities caused by the summer's steel strike has been repaired and new capacity brought into production.

—G. A. BROWNE

Commercial Secretary for Canada

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

Japan

The New Import Program

Japan's budget for the next six months provides for larger purchases from the dollar area—including commodities Canada can supply.

TOKYO—The Japanese Government has made provision for increased imports during the next six months. The foreign currency budget for the period October 1, 1952, to March 31, 1953, approved early in October, has been fixed at \$1,681 million. This compares with \$1,429 million for the April-September budget period, an increase of more than \$250 million.

The budget does not provide for the repayment of Japan's foreign debts which is scheduled to begin on December 22nd. It does, however, allocate foreign exchange for imports and services for the next six months and includes funds for the purchase of Canadian products such as wheat, barley, iron ore; coking coal, asbestos, lumber and pulp. The budget contains a contingency reserve fund which can be used to import urgently required items as the need arises.

Dollar Purchases Raised

The allocation for imports from dollar areas, including Canada, has been raised to \$655 million—an increase of \$105 million over the figure for the previous six months. The additional dollar exchange has been allocated to permit importers to procure raw materials required by Japanese manufacturers to produce export commodities and for special procurement orders for the United Nations' armed forces and Korean rehabilitation. Dollar earnings derived from armed forces expenditures and army procurement in Japan have continued high. An important percentage of Japan's accumulated U.S. dollar holdings, recently placed at more than \$700 million, has been forthcoming from these sources.

The favourable dollar position permits Japan some leeway in purchasing essential raw materials and foodstuffs from dollar areas. The principal imports from dollar areas include wheat, rice, sugar, raw cotton, and machinery.

Sterling Area Imports

The allocation for purchases from the sterling area over the next six months has been fixed at \$463 million, about the same level as the last foreign currency budget. Japan's exports to sterling area countries have been running ahead of imports, with the result that the country's sterling reserves recently exceeded £100 million. The position is gradu-

ally being adjusted but nevertheless, Japan still has adequate sterling exchange for contemplated purchases from sterling area sources of supply. It is the intention to increase purchases from the sterling area of rice, wheat, sugar, raw wool, and other foodstuffs over the next six months.

Open Account Countries

Japan has favourable trade balances with a number of countries with whom trade agreements have been made, including Indonesia, Sweden, France and West Germany. The favourable balances are usually required, under the balanced trade agreements, to be settled at stated intervals in U.S. dollars. Because they stem from an excess of Japanese exports, every effort is made to settle them by increased imports from the individual countries. A number of so-called "switch transactions" have been permitted in an effort to adjust the outstanding balances. Such transactions may involve Japan's purchasing commodities procured by the country possessing a credit trading balance from a third country. The present foreign currency budget makes provision for increased imports from open account countries. The total allocation set up for open account countries is \$296 million, an increase of \$85 million over the previous budget.

Principal Imports

The main items which Japan will import over the next six months are:

Raw cotton	\$143,500,000		
Raw wool	\$114,400,000		
Machinery	\$ 63,630,000		
Crude oil	\$ 21,869,000		
Raw sugar	\$ 11,000,000		
Rayon pulp	\$ 6,340,000		
Phosphate ore	\$ 5,320,000		
Daily necessities	\$ 6,000,000		
Rice	790,000	metric tons	
Wheat	870,000	"	"
Barley	500,000	"	"
Iron ore	3,150,000	"	"
Coking coal	1,070,000	"	"

"Daily necessities" include provisions, alcoholic beverages, household articles, clothing, and a wide range of miscellaneous products handled by department and provision stores for sale to both Japanese and foreign nationals. These items were, before January 1952, only available to foreign nationals and handled by overseas supply stores and specialty shops. It is understood that imports under this heading may, in future, be confined to a selected list of 100 trading firms, both Japanese and foreign. The allocation for the import of daily necessities in the October-March foreign exchange budget has been reduced to \$6 million, \$2 million less than the allocation for previous six months.

—J. C. BRITTON
Commercial Secretary for Canada

France

Wine Production in 1952



—French Information Service

PARIS—A preliminary report indicates that French wine production in 1952 will total approximately the same as last year—53 million hectolitres. The quality is expected to be “very good”. Vineyards in France now cover 53·2 million hectares, as compared with 52·8 million last year and an average of 58·9 million during the thirties.

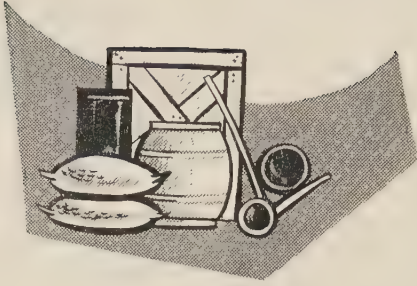
Because of the hot summer, the grape harvest has been from ten days to three weeks earlier than usual. In the Departments bordering the Mediterranean—where slightly over half the vineyards are located—the production is expected to be 10 per cent below last year, the result of very dry weather during the growing season. However, in all other regions except Alsace, output is expected to be considerably higher than last year and should, to a certain extent, offset the decrease in the south.

Continental France is a net importer of wine; in 1951 brought in 10 million hectolitres against exports of 1·3 million. However, 96 per cent of these imports consist of common table wine and come mainly from French North Africa.

The French Government has established prices for the 1952-53 output of common table wine, assuring a support price of 290 francs per hectolitre and a ceiling price of 330 francs. At the same time, it issued instructions about the dates on which various types of wine may be released for internal consumption, thus assuring orderly marketing and price stability.

—J. P. MANION

Commercial Counsellor for Canada



COMMODITY NOTES

BRAZIL

Sisal—A recent regulation prescribes that sisal fibres must be divided into four classes, and each of these subdivided into five types. Classes are:

1. Extra-long fibres with a minimum length of 111 centimetres;
2. Long, with a length of 91 to 110 centimetres;
3. Medium, with a length of 71 to 90 centimetres, and
4. Short, with a length of 45 to 70 centimetres.

Each type is subdivided according to lustre, softness and strength, moisture content, etc.—Rio de Janeiro, October 10.

CUBA

Tobacco—Leaf and manufactured tobacco exports in the first six months of 1952 amounted to \$19·3 million, or \$570 thousand over the same period last year. Total leaf exports were 18·6 million pounds, with a value of \$16·5 million, and 16·7 million cigars valued at \$2·7 million. Cigarettes and cut tobacco are also being exported in lesser quantities. The United States was Cuba's principal purchaser of tobacco products generally; Spain led the cigar buyers' list—Havana, October 15.

IRELAND

Leather—A new tannery will be built shortly in Monaghan to produce heavy upper leathers for which a market exists in Ireland as well as on the continent of Europe. Later it is hoped to begin the production of finer leathers—Dublin, September 30.

JAPAN

Textiles—Japan's textile exports in September were valued at \$31,204,000, the lowest monthly total this year and some \$3,050,000 below the August figure. Overseas demand for Japanese textiles has not improved noticeably since the beginning of the year. September textile exports comprised cotton textiles, \$12,436,000; raw silk, \$4,248,000; silk fabrics, \$3,524,000; chemical textiles, \$9,457,000; woollen textiles, \$804,000, and miscellaneous textiles, \$735,000—Tokyo, October 15.

NETHERLANDS

Potato Flour—A new potato flour mill, said to be the largest in the world, has replaced the plant of the Co-operative Potato Flour Factory of Groningen which was destroyed by fire a year ago. The new plant is capable of processing up to 8,820 m. tons of potatoes per week—The Hague, October 15.

NORWAY

Cod—The Norwegian cod fisheries this year have made a total catch of 156,311 tons, compared with 169,342 tons in 1951. Of this, 52,469 tons have been dried and 80,813 tons salted. During the first half of the year Norway exported 27,500 tons of klipfish (salted and dried cod), to a total value of 110 million kroner. The corresponding figure for 1951 was 20 thousand tons valued at 81 million kroner. Of the 500 thousand barrels of salted herring produced for export this year, 450 thousand have already found a market—Oslo, October 15.

PAKISTAN

Tea—Pakistan exported a record quantity—over 42,853,000 pounds—of tea last year, valued at approximately \$16·7 million. In the previous four years the annual export of tea has not exceeded 30 million pounds—Karachi, October 15.

SOUTH AFRICA

Uranium—The project for extracting uranium from gold mill slimes has expanded. Five mines were originally included and were later increased to 13; now 22 are taking part. Three additional extraction plants have been announced for the Orange Free State goldfields and a further two for the Rand. Each will cost initially over £1·6 million. This enlargement calls for a bigger associated sulphurated acid works, and additional electric plants beyond the three already under construction at a cost of £45 million—Cape Town, October 1.

SWEDEN

Aircraft—The Swedish Air Force will sell 32 Mustangs to the Dominican Republic and 25 to Israel; deliveries begin this fall. Most of these surplus planes have seen six years' service in Sweden—Stockholm, October 16.

Hot-Rolled Iron—The Norrbotten iron foundry, owned by the Swedish State, recently signed a contract with Associated Metals and Minerals Corporation, New York, for the delivery of 55-60 thousand tons of hot-rolled steel, valued at approximately \$7 million. The material is to be processed in other European countries before the final product is delivered to the United States. Deliveries are to be completed by the end of 1953. This is apparently the largest export transaction for rolled iron made by a Swedish firm—Stockholm, October 16.

Ireland

Trade Picture Brightens

With imports for the first six months of '52 down and exports up, Ireland's adverse balance of trade has declined by over £6 million.

DUBLIN—During the first six months of 1952, the adverse balance of trade in the Republic of Ireland fell steadily. In fact, this adverse balance (imports minus exports, including re-exports) went down from £9,575,801 in January to £3,193,161 in June. The corresponding figures for 1951 were £10,723,738 for January and £14,025,124 for June.

This improvement stemmed from various causes. One is that the Republic had been stockpiling; now, imports of some goods can be reduced temporarily. When present stocks are exhausted, imports may rise again.

Trade Position

Highlights of the trade position are:

- Imports from January to June, 1952, totalled £95,196,416, compared with £106,350,840 during the same period of 1951.
- Sterling-area imports (chiefly from Great Britain and Northern Ireland) totalled £55,631,000, during this period.
- Dollar-area imports totalled £19,706,000; of this, £11,737,000 came from the United States and £5,068,000 from Canada.
- Exports from Ireland, January-June 1952, reached £44,985,934, compared with £31,986,529 for the first six months of 1951.
- Sales to the sterling area totalled £38,829,000 during the period.
- Total exports to the dollar area reached £1,953,000; of this, goods worth £1,796,000 went to the United States, and worth £152,000 to Canada.

If Ireland is to maintain this improved trading position or reduce the adverse balance further, the country must step up exports as much as possible. At the invitation of Coras Trachtála Teoranta (the government-sponsored Dollar Exports Board established in November 1951) a team of American experts came to Ireland earlier this year to study potentialities for exports to the dollar area. As a result of their report, a representative of C.T.T. is at present doing a trade promotion tour of Canada.

Trade with Canada

For the first six months of 1952, Canada sold to the Republic of Ireland goods valued at £5,067,449, compared with £3,507,502 for the same period last year. During this same period, Canada bought from Ireland £152,225 worth of goods as against £195,248 in 1951.

The following table shows the trade in principal commodities for the six months January to June 1952.

Imports from Canada

cwt.=112 lb.

	Quantity	Value
Wheat	1,860,271 cwt.	£2,998,686
Beans, dried	9,106 "	30,370
Copper bars and rods	2,900 "	35,794
Lumber, sawn, planed or dressed:		
conifer deals, battens, scantlings, and boards	10,938 (standard)	932,924
Other—soft	2,449 "	206,343
Newspprint	169,608 cwt.	459,822
Paperboard (not including corrugated or		
building board)	31,435 "	107,484
Chemical wood pulp	12,665 "	64,879

Exports to Canada

	Quantity	Value
Beef and veal, frozen	4,405 cwt.	£ 70,364
Iron and steel scrap	30,000 "	18,000
Woven fabrics—jute	222,222 sq. yds.	12,775

Industry and Agriculture

Here in Ireland, industry is working at a good pace. The Census of Industrial Production for 1950 shows that the net output of all industries and services rose from £83·9 million in 1949 to £93·4 million in 1950. The number of workers employed went from 206,232 in 1949 to 219,009 in 1950. Net output in transportable goods industries rose from £59·7 million in 1949 to £67 million in 1950, with employment rising from 129,122 to 137,305—an increase of 6·3 per cent. All industries and services showed increases between 1949 and 1950 in the average earnings per week.

It is estimated that in 1950 the volume of output per wage-earner went up 24 per cent and 7 per cent as compared with 1938 and 1949 respectively.

Out of an estimated total value of gross agricultural output of £143·9 million in 1951, exports were valued at £42·7 million. In the same year, the estimated value of livestock and livestock products consumed at home was £69·0 million and of exports, £39·7 million. (Cattle and calves accounted for £25·2 million of the latter figure.) Home consumption of crops and peat was £32·2 million; the value of crops exported was £2·9 million.

Electricity Production

Heartening progress has been made in improving the supply of electric power. Twenty-five years ago the Electricity Supply Board was established to control, co-ordinate and improve the production and distribution of electricity in the Republic of Ireland. In 1927, the production of electricity was under 60 million units a year. Generating capacity is now about 1,200 million units and by 1957 the demand probably will be for 2,000 million units.

Recently, a new hydro-electric scheme on the River Erne was inaugurated. When it is finally completed it will produce about 215 million units a year. Other hydro-electric projects are planned and it is estimated that, by 1956, 70 per cent of the potential waterpower of the Republic of Ireland will be harnessed.

The Electricity Supply Board has also made use of peat, coal and oil. Two new peat-burning stations have been erected on the Bog of Allen in Central Ireland and two more are planned. Two stations are being built which can use either coal or oil.

Under the Board's rural electrification scheme, about 25 per cent of potential consumers have already been supplied. This work is hampered by shortage of technical staff and of certain materials and equipment.

Tourist Trade

The tourist industry in the Republic of Ireland earns more dollars than all merchandise exports to dollar markets. In 1951, out of the total net receipts of £25 million from tourists, £4.5 million came from visitors from the dollar area. The Irish therefore welcomed the good news that, during the first six months of 1952, 7,640 tourists arrived from the United States and 261,811 from Great Britain and the Continent of Europe. These figures represent an increase of 1,481 and 15,452 respectively over last year.

An Irish National Festival to be known as "An Tostal" (Ireland at Home) is planned for April 2-26, 1953, and this, it is hoped, will boost the off-season tourist traffic.

—GEORGE SHERA

Office of the Commercial Counsellor for Canada



TRADE COMMISSIONERS ON TOUR

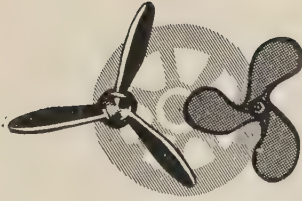
TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, will begin a tour of Canada in Vancouver on November 19. His itinerary follows:

Vancouver—Nov. 19-22
Toronto—Nov. 24-29

Montreal—Dec. 1-6
Ottawa—Dec. 8-11

Businessmen may get in touch with Mr. Bissett through the Board of Trade in Montreal, the Canadian Manufacturers Association in Toronto, and the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.) and Vancouver (355 Burrard St.).



TRANSPORTATION NOTES

LEOPOLDVILLE, BELGIAN CONGO—One of the Belgian Congo's main preoccupations is improving its transportation facilities. As an example, in the 200 miles between the capital, Leopoldville, and Matadi, a series of falls and rapids make navigation of the Congo River impossible. Ships unload at Matadi and freight then goes by rail to Leopoldville—and vice versa. Last year, inadequate rail and river transport increased the congestion at Matadi to such a pitch that the port was temporarily closed to many imports.

Improving Ports

Of an approximate 14,500 miles of navigable waterways in the Congo, about 7,500 can be negotiated by 40-ton barges, 5,500 by barges from 150 to 350 tons and only 1,500 miles by barges from 800 to 1,200 tons.

Of these navigable waterways, the two main routes are:

1. Leopoldville-Stanleyville.
2. Leopoldville-Port Francqui.

These routes are served by river steamers running on more or less regular schedules. It is, however, a slow method of transportation.

On the lower level of the Congo River, from the ocean to Matadi, traffic is often delayed. Ocean-going vessels can navigate the river by daylight and at high tide; the channel is not marked for night sailing. More dredging and placing of buoys have been proposed. But this is not enough; the ports also must be modernized.

The Ten-Year Plan for the Congo now being carried out does provide for some port improvements. There are, however, two main problems.

First, there is some doubt whether Matadi, 92 miles up the river, can be developed into a large maritime port, or whether it would be preferable to establish a port nearer the coast. Matadi, however, could certainly be equipped to handle heavy traffic. The second problem concerns Leopoldville. Merchandise brought by rail from Matadi is transferred at Leopoldville to barges for Stanleyville on the Congo or Port Francqui on the Kasai. It is doubtful, however, whether Leopoldville should be developed further as a shipping and industrial centre and the Ten-Year Plan contemplates moving the port installations 20 miles up the river.

Railways

At present six public railway systems are linked with the water route but have no connection with each other. The railroad from Leopoldville to Port Francqui crosses the Congo from one end to the other and links Katanga with the sea. The line already begun along the bank of the Congo River by the Great Lakes Railroad will be joined with this great artery. This project has now been incorporated in the Ten-Year Plan.



This aerial view of Leopoldville shows the extensive port improvements going forward for the past few months.

The question of constructing a railroad between Costermansville and Stanleyville has been raised on several occasions. No one denies the necessity for joining these two cities by rail and giving the Kivu and Ruanda-Urundi direct communication with the national route and the Atlantic Ocean. However, some experts prefer a highway which would serve the same purpose and be less expensive to maintain. The Ten-Year Plan looks also to the replacement of the Kamaniola Railroad by a heavy traffic highway.

Total cost of the rail transportation program will exceed \$20 million.

Highways and Airlines

In general, roads are poor in the western and southwestern districts of the Congo and fairly good in the northern, eastern and southeastern.

Until recently, construction and maintenance of the roads was done by poorly equipped labour but the authorities now realize the need for mechanization. However, the problem is difficult because it is not only a matter of obtaining machines but of educating workers to operate them. The Ten-Year Plan has set aside \$120 million for construction and maintenance of highways.

Air travel has transformed life in the Congo by bringing communities scattered over that immense territory closer together. Development of these airlines has been largely confined to private enterprises. The most important of the companies serving the colony is Sabena, in which the influence of the Colonial Government predominates. Sabena has a monopoly over the lines it now operates, and last January inaugurated a new line from Costermansville to Dar-Es-Salaam.

—L. A. CAMPEAU

Acting Canadian Government Trade Commissioner

Goodwill Trade Mission

. . . Trade Minister, businessmen and government officers will visit ten Latin American countries early in 1953.

CANADA'S Minister of Trade and Commerce, the Right Hon. C. D. Howe, announced today that he will head a goodwill trade mission of government officials and businessmen to Brazil, Argentina, Colombia, Haiti, Cuba, Mexico, and several other Latin American countries early in the New Year.

The mission will leave Ottawa by air on January 5, 1953, and is due to return home on February 10.

Purpose of Mission

Mr. Howe said that, while the principal purpose of the mission is to assist in the development of trade between Canada and the countries concerned, it will also seek to strengthen Canada's general relations with these countries. Over the years, various official and semi-official missions from Canada have visited Latin America. The Canadian Government, in conjunction with the Canadian Chamber of Commerce and the Canadian Manufacturers' Association, sent a large delegation to Buenos Aires in March 1931, when the Canadian pavilion at the British Empire Exhibition was opened. Visits were also made at that time to Uruguay, Brazil, and Trinidad.

The Hon. James A. MacKinnon, former Minister of Trade and Commerce, headed a trade mission to South America in 1941, and in February 1946 he visited Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Colombia.

Trade Has Grown

The increase in trade between Canada and the ten countries that the mission will probably visit is indicated by the fact that the value of trade in 1951 amounted to \$429 million, compared with only \$33 million in 1938, immediately prior to the Second World War. Canadian exports have risen in value from \$19 million to \$176 million during those thirteen years. Mr. Howe said this increase indicates how great are the possibilities of the Latin American market for Canadian goods, and how much can be accomplished by continuous and intelligent efforts to sell in that area.

Canadian imports from the countries expected to be on the mission's itinerary increased in value from \$14 million in 1938 to \$253 million in 1951. "When I am in Latin America," said Mr. Howe, "I shall take the opportunity of discussing the market for Latin American goods in Canada, because Canada thrives by two-way trade".



GENERAL NOTES

AUSTRALIA

Imported Labour—The Minister for National Development has announced a new policy of giving preference to Australian men and materials in the Snowy Mountains project. Originally, the policy governing the Snowy works was to import as much labour and materials as possible because of the labour shortage. The situation has now changed and new contracts call for the employment of Australian men and materials. Under the old system, contracts let overseas specified that the contractor must supply 90 per cent of the labour and all materials in short supply. On this basis contracts had been let to Italian, Norwegian and Dutch contractors—Sydney, October 12.

Oil Refineries Shares Sold—The Commonwealth Government has sold its shares in Commonwealth Oil Refineries Ltd., to the Anglo Iranian Oil Company, its partner, for £ 2,762,506.10.0 or £ 6.10.0 per share. The Anglo Iranian Oil Company plans the construction of a new £ 40 million refinery in Western Australia—Sydney, October 12.

BELGIUM

Bank Deposits Grow—The annual report of the Belgian Banking Commission, covering the year 1951-52, indicates that banking deposits have shown the following increases:

1947	.....	46,591	million	Belgian	francs
1948	.....	49,486	"	"	"
1949	.....	52,679	"	"	"
1950	.....	53,371	"	"	"
1951	.....	58,804	"	"	"

In 1936, at the beginning of the new banking regime, the number of banks in Belgium stood at 125. At the end of 1950 this number had been reduced to 87 and at the end of 1951 to 86. On the other hand, the number of branches has increased from 1,130 in 1936 to 1,162 in 1950 and 1,205 in 1951. In 1936 Belgian banks had 32 branches or offices in the Congo. These increased to 39 in 1951—Brussels, October 4.

BRAZIL

International Harvester Expands—International Harvester is planning to expand its Santo Andre plant in São Paulo to manufacture parts for trucks, tractors and agricultural machinery. This factory is already

assembling trucks and recently began to make cabs, after an investment of Cr\$30 million for plant enlargement—São Paulo, October 2.

CUBA

Imports of Foodstuffs—Official statistics reveal that Cuba's purchases in 1951 reached a total \$650.2 million, of which foodstuffs took \$181.6 million—over six times the average import food bill in the period 1935-1939 (\$28 million out of average total imports of \$108 million). Main food items imported in 1951 were: rice, \$59.2 million; lard, \$25.2 million; flour, \$16.7 million; beans, \$7.6 million; canned and powdered milk, \$6.9 million; olive oil, \$6.2 million—Havana. September 22.

FRANCE

Electricity Production—During the first eight months of this year, production of electricity in France reached a total of 24,560 million kwh. Extended, this would assume an annual rate of 38,244 million kwh. but, because production generally reaches its peak in the last three months of the year, it is probable that the actual total will be closer to 40,000 million. This compares with a total for 1951 of 36,024 million kwh.—Paris, October 9.

TURKEY

Fertilizer Factory—An artificial fertilizer factory with a daily capacity of 6,000 tons will be set up at Kutahya, it is reported. The Ministry of State Enterprises is in negotiation with the German firm "Badische Anilin Anstalt" of Karlsruhe which is interested in the erection of this new plant. German specialists have already visited Kutahya and have made preliminary investigations. The factory will occupy an area of approximately one million square metres and will be situated on the banks of the Porsuk near the Kutahya road. The raw material will be obtained from rich lignite deposits at Seyyit Omer, 20 kilometres from Kutahya. The new plant will cost 60 million liras, of which 50 per cent will be financed by the German firm. Although the management of the firm will be jointly in the hands of Turks and Germans, the machinery will operate under the supervision of German technicians—Istanbul, September 5.

UNITED KINGDOM

Manufacturers and Exporters to Canada Listed—A register of United Kingdom manufacturers and exporters interested in selling goods in the Canadian market, showing their agents and distributors, is to be compiled under the auspices of the Dollar Exports Council. The trade associations behind the undertaking feel that the United Kingdom is losing business in Canada because many Canadian firms do not know where to go for their requirements of British goods. It is proposed to put the register on the desk of every important buyer in Canada—London, October 25.

TRADE AND TARIFF REGULATIONS

BERMUDA

Christmas Tree Imports Permitted—The Bermuda Supplies Commission announced on October 7 that it will consider issuing permits for imports of Christmas trees from Canada and the United States up to a maximum c.i.f. value of \$400 for each importer.

The Commission will not consider any permit which is not for direct import and ultimate sale by the importer concerned.

GREECE

Contribution on Imports—Greece has introduced contributions on certain imports ranging from 25 to 200 per cent of their c.i.f. value, by a ministerial decision effective October 11, 1952. Generally speaking, the contributions are levied on processed goods, while raw materials are exempted. One half of the contribution is collected upon the opening of the credit and the other half when the transaction is finally settled.

Among the items affected, the following may be of interest to Canadian firms exporting to Greece, the amount of the contributions being shown in parentheses: passenger automobiles (200 per cent); whisky, aluminum foil and alimentary substances containing meat (150 per cent); beeswax, plywood for furniture and spectacle lenses (50 per cent); tires and needles (25 per cent).

The contributions on imports are intended to subsidize certain Greek exports, it is stated, including dried currants, wine, olives, sponges, ores and cigarettes, the new subsidies ranging from 15 to 50 per cent of the f.o.b. value of the commodities. In addition, a specified amount of the proceeds is to accrue to the Greek budget.

The new levies replace a similar list of contributions which came into force at the beginning of 1952 and which were mainly intended to raise revenue rather than to subsidize Greek exports. However, the new list includes more items and the rates have been increased in many cases—Athens, October 17.

Tariff Coefficient on Indigo Reduced—The coefficient for converting the rate of duty on indigo from metallic drachmae into actual currency was reduced from 40 to 20, effective August 15, by a Cabinet decision published in the Greek Government Gazette of September 24. In practice, the measure reduces the rate of duty on this article by one-half.

Indigo is among the commodities on which the coefficients were increased in July 1952, as reported in *Foreign Trade* of August 16. The present decision restores the coefficient to the former amount—Athens, October 15.

INDIA

Licensing Policy Announced—In a Public Notice of October 15, the Indian Ministry of Commerce and Industry announced the import licensing policy for some of the items which were reserved for further consideration when the licensing program for the period July-December 1952 was published last June.

The new announcement, in general, continues the policy of reducing imports from both dollar and soft currency sources. As regards most items, it reflects a satisfactory supply position in India, the result partly of increased local production, and partly of large imports when restrictions were less severe.

Among the scheduled goods, only the following are to be licensable from the dollar area, the percentage quotas shown being calculated on a base period, usually one-half of the best year's imports: specified precision and measuring tools, 15 per cent; parts of motors and generators, 100 per cent (or 10 per cent if based on imports of motors or generators); photographic negatives and printing paper (excluding X-ray films), 50 per cent; various photographic instruments, apparatus and appliances, other than cinema, 50 per cent. Licences granted for photographic goods will be valid for six months; for the tools or motor or generator parts, twelve months.

Goods for which no quota is provided include kraft paper weighing 39 grammes per square metre and above, semolina, self-raising flour, starch and farina, safety-razor blades, wireless apparatus, cycles and parts, door locks and hinges, and staple fibre.

Packing, wrapping, printing (other than newsprinting), and writing paper, and aluminum powder and paste are among the goods from soft currency countries for which quotas have been reduced—New Delhi, October 20.

JAPAN

Duties, Taxes on Gift Parcels—The Japanese Government has announced that, effective October 1, gift packages addressed to the Japanese people from abroad will be subject to customs duties and consumer's tax if containing goods worth more than 1,500 yen (approximately \$4 Canadian) or if the tax estimation amounts to 300 yen (80 cents) or over. This replaces the previous regulation that gift packages weighing up to 22 pounds are exempt from duty, which has been in force since the end of the war. The weight limit on parcel post from Canada to Japan is 11 pounds—Tokyo, October 3.

NEW ZEALAND

Dollar Import Licences—The New Zealand Department of Customs has announced that the following goods from Canada or the United States will be granted import licences in 1953 on the basis indicated:

Printed books, papers and music—100 per cent of 1952 licences.

Cash registers—75 per cent of 1952 licences.

Wooden handles for tools—75 per cent of 1951 licences.

Engines for motor vehicles (excluding mufflers, pistons and cylinder sleeves)—50 per cent of 1951 licences.

Important spare and service parts for motor vehicles—50 per cent of 1951 licences.

Specified artificers' tools—50 per cent of 1951 licences.

Further details of the goods included in the last two items may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa—Wellington, October 22.

Department of Trade and Commerce

HEAD OFFICE DIRECTORY

This directory is intended as a useful reference for the business man who wishes to consult head office personnel on particular problems. Correspondence should be addressed to the heads of branches or divisions. Local government telephone numbers follow each name. (In Ottawa dial 9, followed by the local; when calling from out of town call the Government, 2-8211, and ask for the local only.)

No. 1 Building, 375 Wellington Street*

	Gov.	Local
<i>Minister:</i> The Rt. Hon. C. D. Howe, P.C., M.P.		3693
<i>Parliamentary Assistant:</i> G. J. McIlraith, M.P.		7042
<i>Deputy Minister:</i> Wm. Frederick Bull	6748-2326	
Executive Assistant: H. A. Gilbert		2380
Trade Policy Adviser: H. R. Kemp		5151
<i>Associate Deputy Minister:</i> M. W. Sharp	2888-5838	
Economic Adviser: O. J. Firestone		4176
<i>Assistant Deputy Minister:</i> Oliver Master		2421
<i>Comptroller-Secretary:</i> Finlay Sim		2262

ECONOMICS DIVISION

<i>Director:</i> V. J. Macklin	5658
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TRADE COMMISSIONER SERVICE

<i>Director:</i> G. R. Heasman	2530
Assistant Director: H. W. Cheney	3058
Assistant Director: L. H. Ausman	6800

Area Trade Officers

Asia and Middle East: R. K. Thomson	8286
Commonwealth: A. B. Brodie	2144
Europe: K. Nyenhuis	5040
Latin America: A. Savard	7641

Western Representative: H. L. E. Priestman, 355 Burrard St., Vancouver.

Newfoundland Representative: Stott Bldg., St. John's, Newfoundland.

COMMODITIES BRANCH

<i>Director:</i> Denis Harvey	5417
Special Assistant: A. L. Neal	8269
Administrative Assistant: J. G. MacKinnon	6905

Export Division

<i>Director:</i> H. B. Scully (Acting)	6519
B.W.I. Trade Liberalization Plan: J. G. MacKinnon	6905-5670
Token Shipments to United Kingdom: A. E. Fortington	5680

Import Division

<i>Director:</i> C. F. McGinnis	7163
Export Controls in Other Countries: W. G. Hopkins	6552

Transportation and Communications Division

<i>Director:</i> G. S. Hall	6236
Assistant: H. A. Hadskis	2737
Traffic Section: J. H. Longfellow	7835

* Unless otherwise noted, all offices of the Department are in No. 1 Building.

Export and Import Permit Division

<i>Chief:</i> T. G. Hills	3640
<i>Processing Officers:</i>	
Food, Steel, Non-Ferrous Metals, All Strategic Materials: S. C. Cooke	6976
Textiles, Lumber and Products: K. A. Peaker	5508
Chemicals, Leather, Automobiles and Trucks and Parts: D. Alger	6963

Commodity Sections

(Export and Import)

Automotive, Agricultural and Construction Equipment	
<i>Chief:</i> H. B. Scully	6519
Automotive and Self-Propelled Construction Equipment:	
H. B. Scully	6519
Agricultural Machinery and Implements: G. C. Clarke	3873
Chemicals, Oils and Minerals	
<i>Chief:</i> S. G. Barkley	7601
Chemicals and Allied Products: S. G. Barkley	7601
Oils and Fats: R. T. Elworthy	5177
Non-Metallic Minerals: E. J. Bonkoff	5823
General Products	
<i>Acting Chief:</i> P. G. Jones	4160
Toys, Recreational Products, Musical Instruments: P. G. Jones ..	4160
Electrical Appliances, Sewing Machines: W. H. Grant	3209
Office, Hospital, Radio and Store Equipment: D. G. W. Douglas ..	6197
Handicrafts, Photographic Equipment, Jewellery: P. E. Jensen ..	5337
Plumbing, Heating and Hardware Products: G. W. Rahm	6958
Imported Foods	
E. B. Paget	4161
Machinery, Metals and Electrical Equipment	
<i>Chief:</i> E. C. Thorne	4082
Assistant to Chief: A. A. Dejausserand	5207
Non-Ferrous Metals: A. Tedford	5159
Miscellaneous Capital Goods: J. D. Moorman	7546
Textiles, Leather and Rubber	
<i>Chief:</i> G. R. Poley	3004
Fabrics: G. R. Poley	3004
Wearing Apparel: E. G. Gerridzen	5378
Fibres and Products: A. C. Fairweather	7815
Leather and Rubber Products: F. T. Carten	4966
Wood and Wood Products	
<i>Chief:</i> G. H. Rochester	4447
Lumber and Manufactured Wood Products: J. C. Dunn	4863
Logs and Lumber Products: R. Bonnar	5127
Paper: E. Clarke	6974
Pulp and Pulpwood: M. N. Murphy.....	5811

Export and Import Directories

<i>Chief:</i> G. L. Tighe	6681
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AGRICULTURE AND FISHERIES BRANCH

<i>Director:</i> G. R. Paterson	4301
Wheat and Grain Division: Assistant Director, G. N. Vogel.....	5830
Agricultural Products	
Plants and Plant Products: G. F. Clingan.....	7523
Livestock, Dairy and Poultry Products: K. L. Melvin.....	3172
Animal Products: A. J. Stanton.....	5859
Fish and Fish Products: T. R. Kinsella.....	7385

INTERNATIONAL TRADE RELATIONS BRANCH

<i>Director:</i> C. M. Isbister	4042 2250
Foreign Tariffs Division	
<i>Director:</i> B. G. Barrow	2250
Assistant: H. V. Jarrett	5642
Australia, New Zealand, South Africa: E. J. McMeekin	8727
Europe: F. P. Weiser	5642
Latin America, France, Spain, Portugal: A. M. Baldwin	8727
United Kingdom, British West Indies, Asia: Miss H. K. Potter..	8469
United States: B. S. Shapiro	8469
Foreign Tariff Adviser: G. C. Cowper	5642
Commercial Relations	
R. B. Nickson	7594
M. Schwarzmann	7594
W. Lavoie	6531

INFORMATION BRANCH

<i>Director:</i> H. Leslie Brown	2479-6394
Assistant Director: J. Fergus Grant	2186
Editor: Foreign Trade and Commerce Exterieur:	
Miss O. Mary Hill	6588
Advertising: Roy A. Abrahamson	6435

TRANSLATION BRANCH

<i>Chief:</i> J. C. Letellier de St-Just	2760
Miss M. J. Bourque	2760
M. Roy	2760

INDUSTRIAL DEVELOPMENT DIVISION

<i>Director:</i> G. D. Mallory	3819
Assistant Director: B. R. Hayden	7886
Technical Officer: W. J. Moloughney	5909

CANADIAN GOVERNMENT EXHIBITION COMMISSION

479 Bank St.

<i>Director:</i> Glen Bannerman	3558
Assistant Director: F. P. Cosgrove	7818

EXPORT CREDITS INSURANCE CORPORATION

Birks Bldg., 107 Sparks St.

<i>General Manager:</i> H. T. Aitken	2-4828
Chief Credit Officer: A. W. Thomas	2-4828
Secretary: T. Chase-Casgrain	2-4828

DOMINION BUREAU OF STATISTICS

Parkdale Ave.

<i>Dominion Statistician: Herbert Marshall</i>	6371-2529
Assistant Dominion Statistician: J. T. Marshall	7695
Agriculture Division	
Director: C. V. Parker	4774
Census Division	
Director: O. A. Lemieux	2088
Education Division	5933
Information Services Division	7544
Canada Year Book and Canada Hand Book	
Director: J. E. Robbins	
Health and Welfare Division	
Director: F. F. Harris	6651
Industry and Merchandising Division	
Director: W. H. Losee	2125
International Trade Division	
Director: C. D. Blyth	8340
Labour and Prices Division	
Director: H. F. Greenway	7424
Public Finance and Transportation Division	
Director: J. H. Lowther	5396
Research and Development Division	
Director: S. A. Goldberg	3071
Special Surveys Division	
Director: A. B. McMorran	5570

STANDARDS BRANCH

West Block, Wellington St.

<i>Director: R. W. MacLean</i>	2132
Assistant Director (Electricity and Gas): E. F. Power	2956
Assistant Director (Weights and Measures): C. S. Phillips	2000
Assistant Director (Precious Metals Markings): W. L. Berry	7075

INTERNATIONAL ECONOMIC AND TECHNICAL CO-OPERATION DIVISION ("COLOMBO PLAN")

No. 2 Building, 70 Lyon St.

<i>Administrator: Nik Cavell</i>	8495
Assistant Administrator: R. W. Rosenthal	8429
Technical Co-operation Service	
Chief: J. A. Macdonald	5542
Assistant Chief: J. T. Hobart	8662

Foreign Commercial Representatives in Canada

ARGENTINA

Ottawa—Economic Attache, Embassy of Argentina, 193 Sparks Street.
Montreal—Consul General of Argentina, 1111 Beaver Hall Hill.

AUSTRALIA

Ottawa—Australian Government Trade Commissioner, 100 Sparks Street.
Vancouver—Australian Government Trade Commissioner, 643 Hornby Street.

AUSTRIA

Ottawa—Consul General of Austria, 136 Queen Street.
Montreal—Austrian Trade Delegate, 1507 Crescent Street.

BELGIUM

Montreal—Consul General of Belgium, 709 Sun Life Building.

BOLIVIA

Montreal—Consul General of Bolivia, 5612 Canterbury Avenue.

BRAZIL

Montreal—Commercial Attache, Brazilian Government Trade Bureau, Room 302, 400 St. James Street West.

BRITISH GUIANA

Montreal—Trade Commissioner for British Guiana, 37 Board of Trade Bldg.

BRITISH WEST INDIES and THE BAHAMAS

Montreal—Trade Commissioner for the British West Indies and The Bahamas, 37 Board of Trade Bldg.

CHILE

Montreal—Consul General of Chile, 1410 Stanley Street.

CHINA

Ottawa—Commercial Attache, Embassy of the Republic of China, 201 Wurtemberg St.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA

Montreal—Consul General of Colombia, 3757 Wilson Avenue, Notre Dame de Grace.
Vancouver—Consul of Colombia, 550 Beatty Street.

COSTA RICA

Montreal—Consul General of Costa Rica, 434 Elm Avenue, Westmount.

CUBA

Ottawa—Commercial Attache, Embassy of Cuba, 400 Holland Ave.

CZECHOSLOVAKIA

Montreal—Commercial Attache of Czechoslovakia, 1255 Phillips Sq.

DENMARK

Montreal—Consul, Royal Danish Consulate, Room 815, Keefer Building, 1440 St. Catherine Street West.

DOMINICAN REPUBLIC

Ottawa—Consul General of the Dominican Republic, 105 Cameron Avenue.
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Ave.

ECUADOR

Montreal—Consul General of Ecuador, 59 Belvedere Road, Westmount.

EGYPT

Ottawa—Consul, Royal Egyptian Consulate General, Room 616, Chateau Laurier.

EL SALVADOR

Montreal—Consul General of El Salvador, Apt. 14, 1452 Bishop Street.

FINLAND

Ottawa—Second Secretary, Legation of Finland, 140 Wellington Street.

FRANCE

Ottawa—Commerical Attache, Embassy of France, 464 Wilbrod Street.
Montreal—Commercial Attache of France, 610 St. James St. West.
Toronto—Commercial Attache of France, 185 Bay Street.

GERMANY

Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 580 Chapel Street.
Montreal—Consul of the Federal Republic of Germany, 1529 McGregor Street.

GREECE

Ottawa—Commercial Attache, Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA

Montreal—Consul General of Guatemala, 401 Metcalfe Ave., Westmount.

HAITI

Montreal—Consul of Haiti, 1405 Bishop Street.

HONDURAS

Montreal—Consul General of Honduras, Suite 2, 1448 Sherbrooke Street West.

ICELAND

Ottawa—Legation of Iceland, % Chateau Laurier.

INDIA

Ottawa—Second Secretary, Office of High Commissioner for India, 200 MacLaren St.

IRELAND

Ottawa—Secretary, Embassy of Ireland, 140 Wellington Street.

ISRAEL

Montreal—Consul General of Israel, Bank of Montreal Bldg., 1260 University Street.

ITALY

Ottawa—Commercial Attache, Embassy of Italy, 133 Sparks Street.

JAPAN

Ottawa—First Secretary (Commercial), Embassy of Japan, Room 701, Metcalfe Bldg.

LEBANON

Ottawa—Consul General of Lebanon, 199 Wurttemberg Street.

LUXEMBOURG

Montreal—Consul General of Luxembourg, 4832 Western Avenue.

MEXICO

Montreal—Consul General of Mexico, Room 506, Castle Bldg.

MONACO

Montreal—Consul of Monaco, 5 St. James Street East.

NETHERLANDS

Ottawa—Commercial Counsellor, Embassy of the Netherlands, 168 Laurier Ave. East.

NEW ZEALAND

Montreal—New Zealand Trade Commissioner, Room 609, Sun Life Building.

NORWAY

Ottawa—Secretary, Norwegian Legation, 140 Wellington Street.

Montreal—Vice-Consul of Norway, 1410 Stanley Street.

PAKISTAN

Ottawa—Commercial Attache to the Pakistan High Commissioner, 499 Wilbrod St.

PARAGUAY

Winnipeg—Consul of Paraguay, 908 Confederation Life Bldg.

PERU

Ottawa—Secretary, Embassy of Peru, 539 Island Park Drive.

POLAND

Ottawa—Acting Commercial Attache of the Polish Legation, 183 Carling Ave.

PORTUGAL

Montreal—Consul General of Portugal, 1499 Bishop Street.

SPAIN

Montreal—Consul of Spain, Commercial Office, 451 Mount Pleasant Ave.

SWEDEN

Ottawa—Attache, Royal Legation of Sweden, 720 Manor Road, Rockcliffe Park.

Montreal—Commercial Secretary, Royal Consulate General of Sweden, 1511 Bishop St.

SWITZERLAND

Ottawa—Secretary, Swiss Legation, 5 Marlborough Avenue.

Montreal—Consul General of Switzerland, 1572 McGregor Street.

Toronto—Consul of Switzerland, 159 Bay Street.

Vancouver—Acting Consul of Switzerland, 402 West Pender Street.

Winnipeg—Acting Consul of Switzerland, 210 Mitchell-Copp Bldg., 334 Portage Avenue.

THAILAND

Toronto—Consul of Thailand, 200 Bay Street.

Vancouver—Consul of Thailand, 5416 Marguerite Street.

UNION OF SOUTH AFRICA

Ottawa—Commercial Secretary, Office of the High Commissioner for the Union of South Africa, 15 Sussex Street.

UNION OF SOVIET SOCIALIST REPUBLICS

Ottawa—Representative of the Commercial Counsellor, Embassy of the USSR, 285 Charlotte Street.

UNITED KINGDOM

Ottawa—United Kingdom Senior Trade Commissioner and Economic Adviser to the High Commissioner, 56 Sparks Street.

Edmonton—United Kingdom Trade Commissioner for Alberta, 10053 Jasper Avenue.

Montreal—United Kingdom Trade Commissioner for Quebec, United Kingdom Trade Commissioner for the Maritimes and Newfoundland, 1111 Beaver Hall Hill.

Toronto—United Kingdom Trade Commissioner for Ontario, 67 Yonge St.

Vancouver—United Kingdom Trade Commissioner for British Columbia, 850 West Hastings Street.

Winnipeg—United Kingdom Trade Commissioner for Manitoba and Saskatchewan, 403 Royal Bank Building.

UNITED STATES

Ottawa—Commercial Attache, Embassy of the United States, 100 Wellington St.

Calgary—Vice-Consul of the United States, Toronto General Trusts Bldg.

Edmonton—Consul of the United States, 214 Empire Block.

Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.

Hamilton—Consul of the United States, 42 James Street South.

Montreal—Consul General of the United States, 1410 Stanley Street.

Niagara Falls—Consul of the United States, Newman Hill, Falls Street.

Quebec—Consul of the United States, 65 St. Ann Street.

Regina—Consul of the United States, 22-23 Government Insurance Bldg.

Saint John—Consul of the United States, 204 Union Street.

St. John's—Consul General of the United States, Commercial Chambers Bldg., 197-199 Water Street.

Toronto—Consul General of the United States, 302 Bay Street.

Vancouver—Consul General of the United States, 355 Burrard Street.

Victoria—Consul of the United States, 805 Government Street.

Windsor—Consul of the United States, Guaranty Trust Bldg.

Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY

Ottawa—Charge d'Affaires a.i., Legation of Uruguay, 36 Marlborough Avenue.

VENEZUELA

Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.

YUGOSLAVIA

Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0353.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 30	Notes (See below)
Argentina	Peso	Preferential buying	.1288	
		Basic buying	.1932	(1)
		Preferential selling	.1932	
		Basic selling	.1286	
		Free	.0695	
Austria	Schilling		.0452	
Australia	Pound		2.1640	
Belgium-Luxembourg & Belgian Dependencies	Franc		.0193	
Bolivia	Boliviano	Official	.0161	tax 5% (1)
		Differential	.0096	tax 3% (2)
British West Indies (except Jamaica)	Dollar		.5635	
Brazil	Cruzeiro		.0522	tax 8% (2)
Burma	Kyat		.2029	
Ceylon	Rupee		.2028	
Chile	Peso	Official	.0311	(1)
		Commercial	.0161	
		Free	.00767	
Colombia	Peso	Basic	.3864	tax 3% (2)
		Coffee Buying	.4257	
Costa Rica	Colon	Official	.1724	(3)
		Free	.1446	*Aug. 29
Cuba	Peso		.9659	tax 2%
Czechoslovakia	Koruna		.0193	
Denmark	Krone		.1398	
Dominican Republic	Peso		.9659	
Ecuador	Sucre	Official	.0644	(4)
		Free	.0555	
Egypt	Pound		2.7737	
Fiji	Pound		2.4369	
Finland	Markka		.0042	
France	Franc		.00276	
French Africa	Franc		.00552	
French Pacific Ter.	Franc		.01519	
Germany	D Mark		.2300	
Greece	Drachma		.000064	
Guatemala	Quetzal		.9659	
Haiti	Gourde		.1932	
Honduras	Lempira		.4830	
Hong Kong	Dollar	Free	.1512	*Sept. 8
Iceland	Krone	Official	.0593	
		Special buying	.0456	
		Special selling	.0371	
India	Rupee		.2028	
Indonesia	Rupiah	Basic	.0847	
		With Surcharge I	.0424	(5)
		With Surcharge II	.0282	
		Dollar certificate	.0018	*Sept. 15

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Oct. 30	Notes (See below)
Iran	Rial	Certificate I	·01265	*Aug. 29
		Certificate II	·01233	*Aug. 29
Iraq	Dinar .....	.....	2·7050	
Ireland	Pound .....	.....	2·7050	
Israel	Pound	Basic	2·7046	
		Special	1·3523	
		Investment	·9659	
Italy	Lira .....	.....	·00155	
Jamaica	Pound .....	.....	2·7050	
Japan	Yen .....	.....	·00268	
Lebanon	Pound	Free	·2701	*Aug. 29
Luxembourg (See Belgium)				
Mexico	Peso .....	.....	·1117	
Netherlands	Guilder .....	.....	·2542	
Netherlands Antilles	Guilder .....	.....	·5122	
New Zealand	Pound .....	.....	2·7050	
Nicaragua	Cordoba	Effective buying	·1464	(6)
		Official selling	·1370	
		With Surcharge I	·1200	
		With Surcharge II	·0961	
Norway	Krone .....	.....	·1352	
Pakistan	Rupee .....	.....	·2920	
Panama	Balboa .....	.....	·9659	
Paraguay	Guarani	Basic	·0644	(1)
		With Surcharge I	·0460	(7)
		With Surcharge II	·0322	
Peru	Sol .....	.....	·0619	
Philippines	Peso .....	.....	·4830	tax 17% (2)
Portugal	Escudo .....	.....	·0336	
El Salvador	Colon .....	.....	·3864	
Singapore & Malaya	Straits dollar .....	.....	·3156	
South Africa (Union of)	Pound .....	.....	2·7050	
Spain & Dependencies	Peseta	Basic buying	·0441	
		Basic selling	·0861	(1)
		Free	·0244	
Sweden	Krona .....	.....	·1867	
Switzerland	Franc .....	.....	·2253	
Syria	Pound .....	.....	·2710	*Sept. 11
Thailand	Baht	Official	·0773	(1)
		Free	·0540	*Aug. 29
Turkey	Lira .....	.....	·3450	
United Kingdom	Pound .....	.....	2·7050	
United States	Dollar .....	.....	·9659	
Uruguay	Peso	Official	·6359	
		Basic buying	·5427	
		Special buying	·4110	(1)
		Basic selling	·5084	
		Special selling	·3943	
Venezuela	Bolivar .....	.....	·2883	(8)
Yugoslavia	Dinar .....	.....	·0032	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

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foreign trade

NOVEMBER 15, 1952



Why Britain Exports Foods (page 2)



foreign trade

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OTTAWA, NOVEMBER 15, 1952

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Whisky ranks second
sugar as a dollar earn-
the "foods and bever-
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United Kingdom

Food Exports Earn Dollars

Though Britain imports large quantities of foodstuffs, she also sells certain foods and beverages in dollar markets—and is encouraging their export.

LONDON—Most Canadians, when they think of the United Kingdom and its trade problems, mentally put foods and beverages into the “import” category, forgetting that they also play an important part in the U.K.’s export trade. In fact, they earn dollars for Britain.

Back in 1938, foods and beverages constituted almost 20 per cent by value of the United Kingdom’s exports to dollar countries. By 1951, though the proportion had fallen to slightly over 10 per cent, total value had risen from £10 million to £33 million.

Prewar, the leading food and beverage exports were (1938 figures):

Whisky	£10·5 million
Sugar	£ 2·6 “
Unrefined Oils and Fats	£ 2·5 “
Herrings	£ 2·4 “
Soap	£ 1·2 “

By 1951, the picture had changed. The leaders were:

Sugar	£40·8 million
Whisky	£29·6 “
Chocolate and Sugar Confections	£10·5 “
Soap	£ 8·1 “
Biscuits	£ 5·9 “
Coffee (including extracts and essences)	£ 4·5 “

In '51, exports of 25 items or categories in this field exceeded a million pounds; even toothpaste exports touched £1·5 million.

Incentive Scheme

The Ministry of Food is actively encouraging greater exports of this type to dollar countries by an incentive scheme. This gives the exporter to dollar markets a larger share of available raw materials when this is possible. The incentives usually take the form of an extra allocation of rationed commodities pro-rated with the amount used in the articles exported. For example, for every ton of meat used in meat products sold to dollar areas, the manufacturer receives an allocation of 4 cwts. over and above his normal share. The amounts of sugar allocated under similar conditions may vary greatly, depending on the proportion of dollar return and the difficulty of penetrating dollar markets. The exporter of home-canned or frozen fruit receives one ton for every ton

used in exports; the exporter of pickles, sauces and table jellies receives two tons for every ton so used, and the exporter of cider four tons for every ton used in exports.

Whisky and gin are released to various markets on allocation. Agreed amounts of whisky may be released for the home market on the understanding that specified minimum quantities go to dollar areas. After the requirements of the dollar and the home markets are met, any surplus may be shipped to other areas. In gin, for every proof gallon of grain spirit used in dollar exports, three and a half proof gallons are allowed for other exports.

The export of meat products has sometimes been a matter of argument. The Ministry of Food has pointed out that the amount of meat used is not sufficient to affect the ration but does earn enough dollars to make the purchasing of greater quantities of foodstuffs from dollar areas easier.

The following table gives the detailed export incentives:

Export Incentives	
Commodity	Bonuses for dollar exports
Chocolate and sugar confectionery, chocolate couverture, cocoa products	For every ton of finished goods exported: 1 ton of sugar (where the exported goods contain 20 per cent or more sugar). $\frac{1}{2}$ ton of glucose or starch. $\frac{1}{3}$ ton of oils and fats (or manufacturing butter, syrup or treacle may be taken at the rate of $\frac{1}{2}$ ton for each ton of oils and fats). Dried fruit distributed pro-rata.
Biscuits and flour confectionery.....	For every ton of finished goods exported: 12½ cwts. of sugar. 12½ cwts. of fats. Special white flour and fats are made available for making goods to be exported to dollar areas. Dried fruit distributed pro-rata.
Cider	4 tons of sugar for every ton used in exports.
Black currant vitamin syrups	1 ton of sugar for every 100 cases of 12 bottles exported.
Gin	For every proof gallon of grain spirit used in dollar exports, 3½ proof gallons are allowed for other exports.
Compounds (Drambuie, etc.)	1·1 tons of sugar for every ton of sugar used in exports.
British wines	3 tons of sugar and dried fruit for every ton of sugar and dried fruit used in exports.
Jam, marmalade, mincemeat, fruit curd	2 tons of sugar for every ton of sugar used in exports
Meat products	4 cwts. of meat for every ton of meat used in exports.
Bacon and ham	5 cwts. of bacon or ham for every ton exported. For use in any form for non-dollar exports but only in canned form for home market.
Bakers' prepared materials	2 tons each of sugar and fats for every ton used in exports.
Sugar cake decorations	1 cwt. of sugar for every £100 worth of finished goods exported.
Canned vegetable salad in mayonnaise	2 tons each of soft oil, sugar and dried egg (or equivalent) for every ton used in export.
Fruit, canned or frozen in United Kingdom	1 ton of sugar for every ton used in exports of home-canned fruit.
Fish paste	1 ton of manufacturing butter and 1 ton of margarine for every ton used in exports of fish paste. Also 5 cwts. of canned salmon if used.
Potted shrimps	1 ton each of butter and margarine for every ton used in exports.
Pickles and sauces, table jellies	2 tons of sugar for every ton used in exports.
Candied peel and glacé fruits	1 ton of sugar for every ton used in exports.

Export Incentives—con.

Commodity	Bonuses for dollar exports
Edible starch powders	2 tons of corn flour for every ton of starch food powder exported in excess of 1951 exports.
Coffee, liquid essences, soluble powders	1 ton of sugar for every 500 gallons exported. 1 ton of glucose for every ton of powder exported.
Dog biscuits	Special flour available for exports.
Whisky	Agreed quantities may be released for the home market, on the understanding that the agreed target for dollar markets is achieved. After meeting the requirements of the dollar and home markets, any surplus may be exported to other areas.

Statistics prove that the incentives are effective. In the first quarter of 1952, these exports increased 8·6 per cent in value compared with the same period in 1951. Exports of such products to Canada alone went up by 20 per cent in the first eight months of this year compared with the same period in 1951.

—D. A. BRUCE MARSHALL

Commercial Secretary for Canada (Agriculture)

Argentina

National Meat Institute Set Up

BUENOS AIRES—Late in September, the Argentine Congress passed a bill creating the Instituto Nacional de Carnes (National Meat Institute) succeeding the Instituto Ganadero Argentino (Argentine Livestock Institute).

The Livestock Institute (I.G.A.) was created in late 1950 and comprised four separate entities: (1), the Junta Nacional de Carnes (Meat Board), which regulated the grading and classification of meat and prices; (2), the Corporación Argentina de Productores de Carne (C.A.P.), originally a producers' organization later nationalized; (3), the Municipal Abattoir of Buenos Aires, nationalized and known as the Frigorífico Nacional and (4), Liniers Market for cattle and hogs.

The new institute will be under the jurisdiction of the Ministry of Agriculture and directed by a board of seven, to be nominated by the Government and presided over by the Minister of Agriculture and Livestock. Of the six remaining directors, three will be from the Ministry of Agriculture, two from the Ministry of Foreign Trade, and one from the Ministry of Industry and Commerce. All directors must be Argentine citizens by birth and must have had no connection during the preceding five years with any of the industrial or commercial enterprises governed by the institute.

A special administrative committee will take charge of the existing industrial and trading entities such as C.A.P., Smithfield packing plant, etc., until they can be effectively transferred to the new institute. Similarly, until the future status of the Frigorifico Nacional and Liniers Market is decided upon, they will be administered by the special administrative committee. The institute will be financed by a levy of up to 3 per cent (at the beginning, probably 2·35 per cent) of the value of the sales of cattle, sheep and hogs both for the domestic and export markets. This levy will be their main source of revenue. Its predecessor was financed by a levy of 2½ per cent. Thirty per cent of the funds will be allocated for administrative expenses as budgeted for; 60 per cent to finance the industrial and commercial entities mentioned, and 10 per cent to defray expenses of research in livestock.

Functions of Institute

According to the message accompanying the bill, the new entity's functions will be those of "orientating, organizing, regulating, promoting and controlling production, industrial processing and sale of livestock for the domestic market and for export." Jurisdiction will include "investigating, regulating and controlling the working of the meat processing plants and the results obtained by them, with a view to permitting them a fair margin of profit." The institute will also be empowered "to search the premises or domiciles and to seize books, commercial papers, including correspondence, of persons or firms subject to the provisions of the proposed law and to enlist the aid of the police for such purpose."

Producers Protest

The Confederation of Rural Societies, claiming to represent 96 per cent of all rural organizations, asked President Perón for a hearing before the law setting up the new institute was promulgated on October 8. They considered that the new law does not solve the livestock problem and would mitigate against the principle of increasing production as laid down by the President. One objection was that the livestock policy would be implemented and administered by government officials to the exclusion of the producers who, up to now, had had at least a small voice in the matter. Another objection was that considerable funds would be transferred to the institute and handled exclusively by officials, without the participation of the producers.

In many respects the functions of the new institute resemble those of its predecessor. They do, however, give the Government even greater control over the production and marketing of livestock and meat, whether for domestic consumption or for export. They also imply continued control over the foreign packing plants and they will be expected to operate without resorting to subsidies.

—W. B. McCULLOUGH
Agricultural Secretary for Canada

Japan Seeks Foreign Capital

Faced with the urgent need to develop electric power, modernize and expand industrial plant, etc., the Japanese are making a bid to attract overseas investment.

TOKYO—Japan is seeking capital to undertake a number of important projects which form an integral part of its economic rehabilitation program. These projects cover a wide field and include hydro-electric power developments, irrigation schemes, railroad electrification, improvement of harbour facilities, modernization of the steel and coal industries, the procurement of airplanes, and road-building. The Finance Ministry estimates that the total cost of these projects—which are classified as essential—will reach US\$860 million.

World Bank Loan Sought

The International Bank of Reconstruction and Development, at the invitation of the Japanese Government, has sent a two-man economic mission to Japan. The mission will visit industrial, agricultural, and commercial centres during its six to eight weeks' stay. It intends to examine the country's general economy, investment requirements, trade and balance-of-payments problems. Technical investigations into specific development projects will come later. The Japanese hope that the International Bank will make available some of the capital required by private industries to finance the proposed undertakings.

What Industry Needs

The postwar shortage of capital has brought serious problems to Japanese industrial and trading firms. Domestic capital resources are far from adequate. This means that many industries still lack modern plant equipment and technical know-how. Any private foreign investment has mainly been in the form of new industrial techniques supplied on a royalty basis. Some foreign firms have invested jointly in Japanese industrial undertakings and, now that the foreign investment regulations have been modified, additional capital investment by private firms abroad is expected.

Japanese industry has achieved its noteworthy postwar recovery largely by using prewar facilities. The industrial rationalization program which forms a vital part of Japan's industrial rehabilitation is progressing very slowly in most industries. The need for additional power development has become increasingly clear; in fact, the shortage of electric power has caused a number of expensive work stoppages. This, combined



(Above) The great Yawata Iron and Steel Works, Yawata City, Fukuoka, Japan. Part of the money which Japan hopes to raise by foreign loans will be spent to modernize the steel and coal industries, speed up manufacturing, and replace old equipment.

with obsolete equipment and manufacturing processes employed by many industries, has added to the price of export products—and these are already high because of costs of imported raw materials. Other factors have, of course, affected the volume of Japan's export trade during the present year but price has, in many cases, been important.

Exports to Southeast Asia

The Japanese Government has been studying ways and means to increase trade with Southeast Asia. It proposes to send purchasing missions to the countries in the area to buy rubber, zinc, iron ore, etc., and to invite these countries to send economic missions to Japan to examine its postwar industrial potential. Already a number of trade delegations from Southeast Asia have visited Japan. However, the authorities want to emphasize Japan's ability to provide capital goods and technical and other special assistance to Southeast Asian nations undertaking industrial development, irrigation, transportation, and other large-scale projects.

As part of the program to increase export trade, Japan will also endeavour to conclude new trade and payments agreements with the Philippines and Pakistan.

—J. C. BRITTON

Commercial Secretary for Canada



COMMODITY NOTES

AUSTRALIA

Oil—Work on the Anglo-Iranian Oil Company's new refinery at Kwinana near Fremantle, Western Australia, a three-year, £A40 million building program, was begun early in October. The refinery is expected to be in operation late in 1955 and will process three million tons a year of crude oil from the Middle East. It will be the largest oil refinery in Australia and is expected to provide 40 per cent of the country's oil requirements. Its products will be distributed through Commonwealth Oil Refineries Limited, in which the Anglo-Iranian Oil Company recently purchased the Commonwealth Government's interest—Melbourne, October 21.

Copper—Production of refined copper in Australia this year is expected to be at least 18 per cent higher than in 1951 because of the increased output at Mount Lyell, Tasmania. Mount Lyell should contribute about 10 thousand tons of the estimated total Australian output of 16 thousand tons. At the beginning of this year, the Mount Lyell Company had an accumulated stockpile of 20,400 tons of copper concentrates which it was unable to treat because inadequate shipping services could not deliver enough coke. However, increased supplies of coke have enabled the company to treat about half the concentrates in its stockpile, permitting the production of an additional 2,250 tons of refined copper for local use.

Recently, it was reported that a copper outcrop of major importance had been found in Central Australia and this lode is being developed—Melbourne, October 21.

BRAZIL

Crude Petroleum—Brazil produced 29,131,980 litres of crude petroleum, valued at Cr\$9,160,900, during the first three months of 1952, compared with 22,298,000 litres in the same period last year—Rio de Janeiro, October 25.

Iron Ore—New production records were set by the Companhia Vale do Rio Doce during August, with the production of 179,732 metric tons of iron ore and shipment of 168,540 tons. Since January 1st, the company has shipped 936,556 tons, compared with 811,566 tons in 1951 and 399,255 tons in 1950, valued at \$14,600,000, \$7,495,000 and \$3,040,000, respectively—Rio de Janeiro, October 25.

COLOMBIA

Coffee—The main coffee harvest season, from May to July, has yielded a large crop of good quality. New York prices for Colombian coffee continued firm and 51 cents a pound was being quoted at the end of July. Exports for the year ending June 30 amounted to 4.9 million sacks of 60 kilos each (an increase of 61 thousand sacks over the preceding period) which sold for approximately US\$375 million—Bogotá, October 14.

DENMARK

Butter, Bacon and Eggs—Negotiations between representatives of the British Ministry of Food and the Danish agricultural organizations have resulted in an agreement on export prices for butter, bacon and eggs to the United Kingdom during the year October 1, 1952-September 30, 1953. The price of butter was increased by $7\frac{1}{2}$ per cent, from 5.98 to 6.42 kroner per kilo, this being the highest increase that may be effected within the scope of the existing long-term agreement. The price of bacon was decreased by about 8 per cent and was established at 481 kroner per 100 kilos. In both cases the quotas remain unchanged. The United Kingdom is entitled to and will probably take 75 per cent of the Danish export surplus of butter and 90 per cent of bacon. It was agreed to prolong the existing contract for eggs at unchanged prices—Oslo, October 21.

INDIA

Electrolytic Copper—India will produce electrolytic copper for the first time as a by-product of a process adopted for the proposed silver refinery at Calcutta. The need for a copper refinery to produce 5,000 tons of copper a year will be met when the silver refinery begins operations in 18 months' time. At present India produces 6,000 tons of refined copper, which would serve as raw material for the production of electrolytic copper—Bombay, October 15.

JAMAICA

Citrus Crop—The 1952-53 citrus crop in Jamaica, now about to begin, is estimated at 650 thousand boxes as compared with 581 thousand in 1951-52. Because of the recent abundant rains the fruit is expected to be larger and heavier than last year. The 1952-53 estimate for sweet oranges is 400 thousand boxes (341 thousand in 1951-52); for grapefruit, 220 thousand (204 thousand). A rise in local consumption is anticipated. England and New Zealand are the chief markets, with Bermuda taking small quantities—Kingston, October 18.

JAPAN

Titanium—The Japanese Government is setting up a three-year plan to raise the yearly output of titanium to 5,000 tons. The demand for titanium from machinery manufacturers has increased in recent months—Tokyo, October 15.

NORWAY

Steel Wire—The Norwegian ironworks, Christiania Spigerverk, in Oslo, have made the first shipment to Great Britain of a new steel wire intended for making particularly strong screws and bolts for airplanes and other vehicles. It is expected that this product will find a ready international market—Oslo, October 25.

SCOTLAND

Jet Engines—Production of Avon jet engines for the Canberra and Valiant bombers, and for an interceptor fighter, began at a new factory at East Kilbride, near Glasgow, last month. A well-known English firm is behind the project—London, October 3.

SOUTH AFRICA

Wool—The wool clip has earned about £41 million in foreign credits each year during the postwar period; has produced £246 million since the 1946-47 season. Although the return of £49 million in 1951-52 was little more than half of that in 1950-51, it was still the second highest on record. In earlier years the annual returns were: 1946-47, £14.7 million; 1947-48, £22.6 million; 1948-49, £30.9 million; 1949-50, £38.5 million. During the postwar years the average price of South African wool has been 16, 26, 33, 42, 95, and 48 pence—Cape Town, October 20.

Whale Oil—Carryover of 70 thousand tons of unsold whale oil from the 1951-52 season, a decline in price from £126 to £67.10s. a ton, and the higher earnings whalers can make as tankers carrying fuel oil are lowering the interest in the coming whaling season in Antarctica. Fourteen expeditions—possibly only eleven—will operate in place of the 19 last year. Reports indicate that expeditions will be limited to seven from Norway, three from the United Kingdom and one each from Russia, South Africa, Japan and Holland—Cape Town, October 12.

SPAIN

Olives—In the first half of 1952, a Spanish trade journal reports, about 810 thousand bushels of olives were exported, with a total value of \$17.8 million. The season closed at the end of September. Prices paid were \$18.00 per fanega (44 kilos) for Queen olives, \$25.00 for pitted and \$34.00 for olives stuffed with anchovies—Madrid, October 10.

SWEDEN

Fish—During the first half of 1952, the catch of fish was 13 per cent larger than for the same period in 1951 and 5 per cent more than in 1950. The export of fish for the same period increased to 34.7 million kilograms, compared with 30.7 in 1951 and 26.2 in 1950. Imports for the first six months were 13.7 million kilograms, as compared with 11.2 for 1951 and 7.8 for 1950—Stockholm, October 16.

Ireland

Tweed Industry Seeks Markets

DUBLIN—Since the war the sale of Irish tweeds in foreign markets has increased. There is, however, still room for improvement and Gaeltarra Eireann (Irish Rural Industries, operated under the Department of Lands) is seeking potential markets overseas.

Ancient Industry

The manufacture of hand woven tweeds is a long-established industry in the Republic of Ireland and though it has been modernized to some extent, much of the traditional structure still remains. Southwest Donegal is the principal tweed-producing area. Originally, the industry was carried on entirely in the homes of the weavers and, following the recommendation of the Gaeltacht Commission in 1926, the Government bought a number of looms for those carrying on the work in their homes and introduced a course of specialized training. By the early 1930's most of the workers had paid for their looms on the instalment system. The materials for weaving were provided by the Government.

Just before the war, it was decided to establish a spinning mill at Kilcar, Co. Donegal. But the machinery and materials could not be procured at that time and the mill was not opened until 1946. The Kilcar mill employs about 50 or 60 workers, and another 100 to 130 are employed in home weaving. Weaving at home is carried on as a sideline by small farmers and fishermen, and has been fostered by the Government to supplement an otherwise meagre existence.

U.S. and Britain Chief Buyers

Before World War II the chief markets for Irish tweeds were the United States and Great Britain. During the war England was the principal buyer. Exports to the United States increased again after 1945 but the trade with England declined because of a high purchase tax. This purchase tax has recently been removed, and it is hoped the English market will again improve.

Exports to Germany have increased lately, and orders have also been received from Belgium, Austria, Scandinavia, France, Netherlands and Malta. There is also a limited demand for Irish tweeds in such countries as Egypt and Finland.

—GEORGE SHERA

Office of the Commercial Secretary for Canada

United States

Foreign Trade in '52

Though exports from the U.S. have risen slightly from the July low, they remain below 1951 figures; the decline in imports continues serious.

WASHINGTON—During the early summer, some circles expressed their concern at the decline in United States exports. In July, exports fell to \$1,015.9 million, the lowest figure of the year—20 per cent below July 1951 and 24 per cent below the average for the first six months of 1952.

Some analysts felt that this downward trend was likely to continue during the remainder of 1952. They attributed it to the tighter restrictions placed on dollar imports by overseas countries, and the greater competition from non-dollar countries. The August figures, however, showed some improvement, with exports at \$1,072 million. Now the Bureau of the Census estimates that September exports will probably reach \$1,225 million, still 7 per cent below the average of \$1,324 million for the first six months of '52.

Largest decreases in exports in July were in textile fibres and manufactures (mainly cotton, which declined about 50 per cent) and in steel mill products, probably because of the strike.

Exports Decline

Total domestic and foreign exports for January-July 1952 totalled \$8,551.4 million, compared with \$8,996.6 million in the same period of 1951. Highest point so far this year was reached in May, when exports totalled \$1,466.2 million. In June, they declined to \$1,164.3 million, reflecting decreased exports to all areas. June also saw total exports to Western Europe fall from \$530.9 million to \$356.7 million, and total exports to the Latin American republics from \$325.8 million to \$270.8 million. In August, exports to Western Europe went up to \$318.1 million, compared with \$288.8 million in July. Exports to Latin America, however, went down further—from \$263.9 million in July to \$256.3 million in August.

One of the reasons advanced for this decline in exports—the sterling area's efforts to reach a balance and to stop the dollar drain—is but part of a fairly general effort in many countries to adjust trade imbalances. This is bound to affect the flow of trade from dollar to non-dollar countries, but it is not necessarily an unhealthy process.

Far more perturbing is the declining tendency in U.S. imports over the past seven months—from \$921.6 million in January to \$837 million in

July—9 per cent below the 1951 monthly average. General imports for the six months January-June 1952 totalled \$6,240.4 million, compared with \$6,912.3 million in the first six months of 1951.

In July, imports of rubber and tobacco alone dropped to \$62.9 million, from \$87.3 million in June. Some decline also took place in sawmill products, shingles, and chemical wood pulp—from \$107.1 million to \$96.5 million. On the other hand, unmanufactured cotton and jute imports rose by 15 per cent, and metal manufactures, principally copper, from \$152.9 million to \$162.5 million. Lead imports, however, declined.

In August, the decline was even more marked, with imports down to \$817 million. This seemed to stem partly from softer world commodity prices and even more from the intensified competition from U.S. domestic sources.

Imports from Western Europe increased slightly in June—to \$156.6 million, compared with \$147.1 million in May. In July, they reached only \$144.2 million. Imports from the Latin American republics showed a different trend: May, \$257.2 million; June, \$238.0 million; July, \$268.7 million, and August, \$278.5 million.

Outlook Favourable

Despite the obvious difficulties facing U.S. exporters in world markets, the immediate business outlook in this country continues reasonably bright. The sharp import restrictions in many overseas countries may result in correcting the balance of payments situation abroad, especially in the U.K., which, in turn, will tend in the long run to re-open certain export markets for hard currency goods. The key to continuing U.S. exports and perhaps to the present high rate of U.S. economic activity is the maintenance of a large U.S. import trade. U.S. Ambassador Draper (Paris), in a recent report to the President, highlighted this point when he said:

“To maintain our present volume of export trade and at the same time to be paid in full, we must greatly increase our imports from Europe and from other parts of the world.” The existing dollar gap, he pointed out, “threatens not only our own export trade but, if not reduced, may unfavourably affect the mutual defence effort as well.”

—JOHN H. ENGLISH

Office Commercial Secretary for Canada

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

Colombia

Coal for the Export Market

With modern production methods and improved transportation, Colombia's vast coal fields could become an important dollar earner.

BOGOTA—Colombia may soon become a coal exporter. Geological studies have revealed large reserves of coal, some of which are near tide-water and therefore well situated for exploitation and export. Present output, although rising, is very limited and before export requirements in quality, price and quantity can be met, modern methods of production must be introduced and interior transport facilities improved. Plans are already afoot backed by government, business and banking groups. A new coal marketing body has been set up and arrangements have been made to improve rail and port facilities, to construct a beneficiation plant, and to introduce mechanized methods in the mines. Recent press notices indicate that a United States dollar loan has been negotiated with a foreign bank to finance purchases of equipment abroad.

Vast Reserves Untapped

Colombia's coal reserves, according to official statistics, may amount to 12 billion metric tons. However, at the Inter-American Steel Congress held at Bogotá in October, foreign experts expressed the opinion that this figure could be put as high as 40 billion metric tons. Much of this coal is of fair quality, that of the important Valle de Cauca region being of the bituminous type. The largest fields are found in the Departments of Cundinamarca and Boyaca centering on Bogotá in the Department of Antioquia near the industrial centre of Medellin, in the Valle of Cauca region facing the Pacific, and to a lesser extent in the Department of Magdalena fronting on the Atlantic. The last two areas are important from the export point of view because they are located near tidewater. Lesser fields are found in many other parts of the Republic.

Production Small

Although it has been known for years that Colombia is a coal-rich nation, relatively little has been done until recently, either in scientific research or in basic production, to exploit this valuable resource. Because the domestic market is physically and economically cut up into localized sections by three ranges of the Andes which traverse the country, production has been left to small, privately-owned companies which have enjoyed a local monopoly and have never been stimulated to large-scale

mechanized production. Output figures, therefore, are minute compared with those of the leading coal-producing nations. Nevertheless, production figures do indicate a decided growth in response to the demands of growing industrialization. Official figures for 1937 show that 421,965 metric tons were produced. Production rose to 940 thousand tons in 1949, the latest figures available. It is fair to assume that yearly tonnage is now well over the million mark. Over one-third of this is used as a domestic fuel for cooking. Another third is consumed by industry, including cement production, and the railways take about 220 thousand tons a year. Thirty thousand tons go into coke production each year.

Development Plans

The possibilities of exporting from 10 to 20 thousand tons of coal a month to selected markets, particularly from the Valle region, have been studied. It is realized that the success of such a venture depends on several factors—the quality of the coal, cost of production and f.o.b. price seaboard, ocean freight rates, and the margin of profit in competition with present suppliers. Indications are that the Valle product could be marketed in specified areas if substantial investments are made to improve production and transport facilities.

As a result, the Corporacion Carbonera Colombiana has been set up to handle selling and exporting, and to operate a proposed coal-washing plant at Cali. The washing plant will process Valle coal, reduce the ash content and bring the finished product up to competitive standards. The rail line from Cali to the Port of Buenaventura, owned by the Ferrocarril del Pacifico, will be improved and orders have been placed for rolling stock. Five diesel locomotives are being delivered during 1952. The Ministry of Public Works has already drawn up plans for coal-handling facilities at Buenaventura and estimates on costs have been received from United States and European firms. Plans are based on exports of 20 thousand tons a month.

Financing

Although it is planned to finance expenditures in Colombian currency locally, efforts have been made to secure foreign loans to cover external costs. Recent press reports indicate that the Bank of Paris and the Low Countries has extended a loan of US\$2 million and, presumably because of this, construction work will begin soon. Total capital expenditure is estimated at US\$3,350,000 for the preparation plant, rails and rolling stock, and improvement to port facilities. Revenue from exports will be in U.S. dollars and therefore it should be possible to finance both capital and interest payments on the foreign loan without too much strain on the country's dollar reserves.

Coal Fields Well Located

Because of internal transport difficulties not all Colombian coal fields can be included in the export picture. However, the fields at El Cerrejon and particularly in the Valle de Cauca region are promising.

The El Cerrejon area has reserves estimated at 50 million tons of high calorific value coal. The field is about 70 miles from the Port of Riohacha on the Atlantic. Unfortunately, this port can admit only vessels

of shallow draft and to fully exploit the field's possibilities adequate roads will have to be constructed to salt water. Also, the project may have to bear the cost of building harbour facilities at the small centre of Dibulla, some distance along the coast. Another drawback is the fact that the Atlantic region here is not a large consumer of coal. However, the rapidly growing Venezuelan port city of Maracaibo, 140 miles east of El Cerrejon, could become a market.

Of much more immediate importance and interest are the reserves in the Department of Valle de Cauca. The port improvements at Buenaventura and the expanded railway facilities of the Ferrocarril del Pacifico, will be of great consequence to these fields. The local market is a substantial and growing one, based primarily on the industries of the city of Cali. Local production is about 300 thousand tons a year and reserves are estimated at 406 million metric tons. The Valle coals are generally of high bituminous rank with low moisture content and high calorific value. It is claimed that the firm, high-volatile coals of the Golondimas area, when uniformly prepared, will compare with the high-volatile steam coals of Pittsburgh. The medium volatile coals of the central region around Rio Claro, after good preparation, should approach the standard of the famous Welsh steam coals preferred in the South American trade. The lower volatile coals from the Rio Timba region could be utilized as coking coal blends in Latin American steel plants. Coals of this type are in demand in the Far East.

Export Prospects

Ocean freight rates hold the key to potential export markets, and not only the length of haul but the possibilities of securing return cargoes must be considered. The following are potential markets:

- Southern South America, from which Colombia regularly imports wheat and wool; two-way cargoes are available.
- Central America and the Caribbean area.
- Uruguay and Brazil as far north as Rio de Janeiro.
- Japan.

Because the tonnage proposed for export is small, it is felt that any one of these markets could absorb all of the available Valle production and it is assumed that there will be no difficulty in finding ready openings.

The proposed development program has two major objectives—to provide an adequate fuel supply for Colombia's expanding industrial economy, and to make coal available for export. The increased business resulting from the export trade should facilitate improvements in mining practice and internal transportation, as well as promote better living conditions in the mining communities. The foreign exchange obtained should help finance the purchase of mechanized equipment which, in turn, would expand production and help to lower unit costs.

Therefore, the importance to the economy of the coal export business, particularly of the producing regions of the Valle de Cauca, cannot be overstressed. Besides providing a new source of foreign exchange for the nation, these exports should have a beneficial effect on many phases of Colombian industry.

—JOHN E. LANCASTER

Assistant Canadian Government Trade Commissioner



GENERAL NOTES

ARGENTINA

Liniers Market Prices—On October 8 the ceiling prices in Liniers Market, cattle and hogs, were removed. Cattle prices at once advanced about .20 pesos per kilo, liveweight, establishing new records for all grades. Deliveries since have been sharply higher.

Chiller quality steers weighing 517 kilograms (1,137 pounds) advanced from 1.53 to 1.78 pesos per kilo, liveweight (13 $\frac{3}{4}$ to 15 $\frac{3}{4}$ U.S. cents per pound). Light young steers for home consumption advanced from 1.79 to 1.88 pesos; heavy veal advanced from 1.80 to 2.00 pesos per kilo.

The removal of the ceiling at Liniers should allow prices to reach the higher levels of the interior and attract supplies to Liniers or direct to the packing plants. With continuing restrictions on the consumption of beef and by this measure, the Argentine Government hope to draw more supplies for export, principally to the United Kingdom. Representatives of both governments are currently discussing negotiations for a new contract in Buenos Aires—Buenos Aires, October 15.

BRITISH EAST AFRICA

New Coalfields—Exploitation of the coal deposits in Tanganyika will make British East Africa self-supporting in coal and eventually in oil and petrol. Exploratory work, begun in 1949 by the Colonial Development Corporation, has blocked out reserves of 54 million tons and indicated workable deposits in excess of 300 million tons. The initial output of 500 thousand tons of coal a year is earmarked for the East African Railways and industrial users. Up to 1 $\frac{1}{2}$ million tons per year will be converted into petroleum products in the oil-from-coal plant to be built by the Corporation. Until the oil-from-coal plant is in operation, the surplus coal will be carried on a railway (now under construction) from the coalfield to the East Coast where it will be used in ship bunkers—Cape Town, October 21.

FRANCE

Surplus of Apples and Pears—Because of the heavy apple and pear crops this year, particularly of the variety used for cider, the French Government has taken several measures to handle the surplus. Arrangements have been made to allocate quantities to the Army and to dispose of some through consumer co-operatives.

As a measure of price support, the French Government takes over surplus wine, cider, beet sugar, etc., for distillation into industrial

alcohol. With the surplus of cider fruit particularly heavy this year, a quota of 550 thousand hectolitres of alcohol has been assigned to the distilleries. This will be far from sufficient and the Alcohol Commission has requested authority to buy up another 50 thousand hectolitres—Paris, October 24.

IRELAND

New National Loan—A new national loan for £20 million was floated on September 29, 1952, by the Minister for Finance for the Republic of Ireland and was over-subscribed on the closing day, October 3, 1952. The loan was offered at par and carries an interest rate of five per cent per annum. The principal of the loan will be repaid at par on September 15, 1972. This is the largest loan ever issued in the Republic at such an attractive rate of interest.

The proceeds of the loan will be used to finance the government program of social reconstruction, national development and remunerative enterprise. This includes the development of rural electrification, agriculture, housing, fuel production, air transport, etc.—Dublin, October 24.

JAPAN

Japan-U.S. Arbitration Agreement—An agreement between the Japan Commercial Arbitration Association and the American Arbitration Association has been approved. The agreement covers commercial arbitration in trade between Japan and the United States and is effective from September 16, 1952—Tokyo, October 10.

NORWAY

Export Duties Abolished—Export duties levied in Norway on wood-refining products are to be abolished, retroactive from July 1, 1952. These export duties from the time they were introduced on February 15, 1951, have brought in 261 million kroner. As a result of the great drop in prices early in the year and the subsequent failure of Norway's most important markets for these products, a number of Norwegian factories have been forced to close down temporarily or to reduce production. The production index in July dropped to 71·6 (1938 equals 100) as against 105·6 in July 1951, and the export tax returns dropped from 70 million kroner for the first quarter of 1952 to approximately 35 million in the second quarter—Oslo, October 15.

SCOTLAND

Power Barge for Venezuela—A massive, self-contained diesel-electric power barge is under construction in one of the shipyards at Port Glasgow. The barge is destined for oil drilling operations in the deepest waters of Lake Maracaibo, which has helped to make Venezuela one of the great oil centres of the world. It is the first of its type to be built in Scotland. The diesel generating installation will have a total of more than 4,000 brake horsepower. Present arrangements are for the barge, when she leaves the Clyde (probably in a few weeks) to be towed to Venezuela by a Dutch tug—London, October 25.

SOUTH AFRICA

Reserves Decline—The net current deficit of £27 million during the April-June quarter was partially offset by a net inflow of £19 million in investing funds, and the Union of South Africa's total gold and exchange holdings declined by £8 million. This net loss, added to the \$9 million during the first quarter of the year has reduced gold and exchange holdings by £17 million in the first half of the year, or by a slightly larger figure than the decline of £16 million during the first six months of 1951—Cape Town, October 12.

UNITED KINGDOM

Electricity Costs Rising—The British Electricity Authority, which controls the supply and distribution of electricity in the United Kingdom, had a surplus of about £2.9 million in the financial year ending March 31, 1952. This compared with a surplus of £6.3 million in 1950-51. Advancing costs are causing anxiety. If they continue to rise, some increases in the retail price of current will be unavoidable—London, October 24.



Food and beverages from Canada are now on display in the Canadian Showroom at Rockefeller Center, New York, with the show continuing until the end of the year. Our photo shows only a few of the many products in the exhibit, ranging from canned hams to macaroni, cheddar cheese to canned lobster, beverages, etc.

United States

The Carolinas as a Market

Canadian food, fish and lumber producers might well investigate sales opportunities in these two states.

NEW ORLEANS—Between the Smoky Mountains and the Atlantic Ocean lie the rolling farmlands of North and South Carolina. In these two states live 6.1 million people, most of them engaged in agriculture. Maize is grown extensively in both; cotton, tobacco and peanuts are the main crops of North Carolina and oats, peanuts, peaches, sweet potatoes and tobacco of South Carolina.

In spite of their predominantly agricultural background, the Carolinas are known throughout the United States as leading suppliers of cigarettes, cotton textiles and furniture. The hills and valleys are dotted with many factory villages, one or two mills with a cluster of dwellings and the usual shops. These two states are reaching out aggressively for new industries and their per capita incomes, while low compared with some of the northern states, are increasing more rapidly than those of most areas in the United States.

This combination of industry and agriculture provides the key to the existing and potential market for Canadian products in the Carolinas.

Market Possibilities

Local farms cannot supply the full range of foodstuffs demanded by the industrial workers. Canadian seed potatoes are purchased regularly and a leading produce dealer reports that his company has been importing rutabagas from one supplier in Ontario for the past fifty years. Another firm distributes frozen fillets of fish from Canada, and a number of companies are interested in the possibility of importing canned luncheon meats. In fact, it would appear that this area offers a market for Canadian foodstuffs that have proved competitive elsewhere in the United States.

The furniture industry provides a sales opportunity for Canadian hardwoods, such as lumber, plywood or veneers. A number of responsible lumber wholesale distributors in the area are prepared to deal with Canadian suppliers, if prices are competitive. Many of these firms say—as do the furniture manufacturers—that the market for Canadian woods could be greatly extended if the rail rates from Canada were reduced.

Over 40 per cent of U.S. wooden household furniture is made in the Southern States. Most of this, as well as other types of furniture, comes from 373 furniture factories in North Carolina. Manufacturers are interested in the possibilities of using northern birch and maple as wood or veneers and are trying to obtain more favourable freight rates.

A useful guide to the types of furniture produced by each factory, with the names of the members of the firm and company address, is the *Directory of Southern Furniture Manufacturers*, supplied by the Southern Furniture Manufacturers Association, 209 South Main Street, High Point, North Carolina. The Association can also answer general questions about the industry.

For shipments from Canada, Charlotte, N.C., is the key inland distribution centre for the area. Charleston, South Carolina, is the principal port, although Wilmington and Morehead City in North Carolina are trying to step up their trade. These ports offer a useful alternative to shipment by rail, especially to those centres that are within economical trucking distance. Thus, certain Pacific Coast products such as canned fish and lumber are being brought into these ports—and this could also apply to shipments from British Columbia. Movement by water from points on the Canadian Atlantic Coast would depend on a regular shipping service which could call at these ports. At present no such service is available and shipments would probably have to be made by charter.

To sum up, the Carolinas offer a market for Canadian vegetables, apples, meats, fish, certain softwoods, and hardwoods. Interested Canadian firms may obtain the names of responsible distributors from the Consul of Canada and Trade Commissioner, 201 International Trade Mart, New Orleans, whose office serves this territory.

—G. A. NEWMAN

Consul of Canada and Trade Commissioner



TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, will begin a tour of Canada in Vancouver on November 19. His itinerary follows:

Vancouver—Nov. 19-22
Toronto—Nov. 24-29

Montreal—Dec. 1-6
Ottawa—Dec. 8-11

Businessmen may get in touch with Mr. Bissett through the Board of Trade in Montreal, the Canadian Manufacturers Association in Toronto, and the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.) and Vancouver (355 Burrard St.).

TRADE AND TARIFF REGULATIONS

BELGIUM

New Import Restrictions on Paper Items—The import into Belgium of certain manufactures of paper and cardboard from all countries has been made subject to import licences effective October 6, 1952, by virtue of an administrative decision of October 3.

The commodities involved are of little commercial interest to Canada. They include such articles as paper bags, printed matter, tissue paper, wallpaper and unspecified paper manufactures. All these items have been made subject to the dollar import restrictions which came into force in September 1951. However, their entry from non-dollar countries has not hitherto been restricted. It is therefore not expected that the new restrictions will have a noticeable effect on Canadian exports to Belgium—Brussels, October 17.

(Exporters may obtain information as to individual items affected by writing to the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa.)

IRELAND

Imports of Sparkplugs—By an Order of the Government of the Republic of Ireland issued under the Control of Imports Acts, 1934 and 1937, a further quota and quota period extending from November 1, 1952 to April 30, 1953, has been announced covering imports of sparkplugs. The quantity allocated for this period is 5,000 articles, the same as that fixed for the previous six months—Dublin, October 21.

Import Customs Duties—Under the following orders, the Government of the Republic of Ireland has announced new and revised import customs duties as follows:

Under Emergency Imposition of Duties (No. 289) (Adhesive Gums) Order, 1952, an ad valorem duty of $37\frac{1}{2}$ per cent full rate, 25 per cent preferential rate applicable to Canada and the U.K. only, has been placed on imports of adhesive preparations which are aqueous solutions of arabian type gums, when imported in containers of not more than 20 imperial gallons each.

Emergency Imposition of Duties (No. 290) (Malt Extract and Fish Liver Oil) Order 1952, increases the duty mentioned at Irish Tariff Reference 145/5 on malt extract, preparations of malt extract and fish liver oil from 50 per cent ad valorem full rate to 75 per cent ad valorem; and from $33\frac{1}{3}$ per cent ad valorem preferential tariff to 50 per cent ad valorem.

These duties are effective September 19, 1952.

Emergency Imposition of Duties (No. 291) (Cotton Wool) Order 1952, extends, effective September 30, 1952, the scope of the import duty mentioned at Irish Tariff Reference No. 64/2 to include articles

of cotton wool and wadding made wholly or partly of cotton; the rate remains at 50 per cent ad valorem full rate, 33½ per cent ad valorem preferential rate.

Emergency Imposition of Duties (No. 292) (Brace Elastic) Order, 1952, extends, effective October 3, 1952, the scope of import tariff item No. 57/10 to include component parts (made of elastic) of braces which now become liable to 75 per cent ad valorem full rate; 50 per cent ad valorem preferential rate applicable to Canada or U.K. only.

A duty-free licensing provision is attached to each of the above orders—Dublin, October 20.

Package Duties—The Government of the Republic of Ireland, by Emergency Powers (No. 282 and 320) Orders, 1952, has ended the suspension of certain package duties on the following items, effective September 30, 1952: any medicinal preparation and surgical dressing; coffee, ground or roasted; certain disinfectants, etc.

The rate of package duty applicable to these goods is:

Full Rate: 2d. on first 2 lbs. (or 2 pints) or fraction thereof, and 1d. per lb. (or per pint) or fraction thereof, thereafter up to 7 lbs. (or 6 pints).

Preferential Rate (applicable to Canada and U.K. only): 1d. per lb. (or pint) or fraction thereof up to 7 lbs. (or 6 pints).

Certain exemptions from the payment of package duty are embodied in the existing legislation.

However, it should be noted that only the package duty is being revived. The import customs duties under Irish Tariff Reference No. 60 and 71/9, so far as they apply to coffee and disinfectants respectively, remain suspended—Dublin, October 21.

UNITED KINGDOM

Ferro-Alloy Trade to Private Channels—Effective January 1, 1953, private firms in the United Kingdom will be allowed to import, under licence, the following alloy metals: ferro-silicon, ferro-chrome, ferro-silico-chrome, silico-manganese, silico-spiegel, ferro-phosphorous, calcium silicide.

At present the British Iron and Steel Corporation Limited is the sole importer, buying in bulk and distributing to all United Kingdom users. Improved supplies have made this relaxation possible—London, October 30.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies Australia (Victoria, South Australia, Western Australia, Tasmania)	C. M. Croft, Commercial Counsellor for Canada R. W. Blake, Commercial Secretary for Canada and Agricultural Secretary	City Mutual Life Building, 60 Hunter Street, SYDNEY 83 William Street, MELBOURNE	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boite Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	T. J. Monty, Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-83
Brazil Brazil	C. R. Gallow, Commercial Secretary C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140 <i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
Ceylon	Paul Sykes, Canadian Government Trade Commissioner	Galle Face Hotel, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner	Calle 19, No. 6-39, BOGOTA	<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
Cuba	A. W. Evans, Commercial Secretary	Canadian Embassy, Avenida de las Misiones 17, HAVANA	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> M-9839
Dominican Republic Haiti, Puerto Rico	R. E. Gravel, Canadian Government Trade Commissioner	Edificio Copello 410, Calle El Conde, CIUDAD TRUJILLO	<i>Mail:</i> Apartado 451 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5318
Egypt Aden, Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Saudi Arabia	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
France Algeria, French Morocco, French West Africa, Tunisia	J. P. Manion, Commercial Counsellor for Canada	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPEra 42-30
Germany Federal Republic Germany	B. A. Macdonald, Commercial Counsellor Wm. Van Vliet, Agricultural Secretary	Canadian Embassy, 22 Zitellmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
reece Israel, Turkey	H. W. Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 72-853
uatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner	28, 5a Avenida Sud, GUATEMALA CITY	<i>Mail:</i> P.O. Box 400 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5590
ong Kong China, Indo-China, Macao, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	<i>Mail:</i> P.O. Box 126 <i>Cable:</i> CANADIAN <i>Tel.:</i> 28336
ndia	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	<i>Mail:</i> P.O. Box 11 <i>Cable:</i> CANADIAN <i>Tel.:</i> 40191
dia Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 20672
eland	Acting Commercial Secretary for Canada	66 Upper O'Connell St., DUBLIN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 44251
aly Libya, Malta, Yugoslavia aly	S. G. MacDonald, Commercial Counsellor C. F. Wilson, Agricultural Counsellor	Canadian Embassy, Via Saverio Mercadante 15, ROME	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 80-842
aly	M. S. Strong, Commercial Secretary (Fisheries)		
amaica Bahamas, British Honduras	M. B. Palmer, Canadian Government Trade Commissioner	Canadian Bank of Commerce Chambers, KINGSTON	<i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2858
maica	E. M. Gosse, Canadian Trade Commissioner (Fisheries)		
pan Korea	J. C. Britton, Commercial Secretary	Canadian Embassy TOKYO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 48-4116
ebanon Iraq, Syria	G. F. G. Hughes, Canadian Government Trade Commissioner	BEIRUT	<i>Mail:</i> Boîte Postale 2300
exico	M. T. Stewart, Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D.F.	<i>Mail:</i> Apartado 126-Bis <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-27-90
etherlands	J. A. Langley, Commercial Counsellor	Canadian Embassy, Sophialaan 1-A, THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
etherlands Belgium, Denmark, Luxembourg	Acting Agricultural Secretary		
ew Zealand Fiji, Western Samoa	P. V. McLane, Commercial Counsellor	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	<i>Mail:</i> P.O. Box 1660 <i>Cable:</i> CANADIAN <i>Tel.:</i> 70-644
orway Denmark, Greenland	J. L. Mutter, Commercial Secretary	Canadian Legation, Fridtjof Nansens Plass 5, OSLO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-30-80
kistan Afghanistan, Iran	A. P. Bissonnet, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	<i>Mail:</i> P.O. Box 531 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5826

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Peru Bolivia	H. J. Horne, Acting Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	<i>Mail:</i> Casilla 1212 <i>Cable:</i> CANADIAN <i>Tel.:</i> 39150
Philippines	F. H. Palmer, Consul General of Canada and Trade Commissioner	Tuason Building, 8-12 Escolta, MANILA	<i>Mail:</i> P.O. Box 1825 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-33-35
Portugal Azores, Madeira	L. M. Cosgrave, Commercial Counsellor	Canadian Legation, Avenida de Praia da Vitoria, 48-1°D., LISBQN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 53117
Singapore Brunei, Federation of Malaya, Indonesia, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room D-5, Union Building, SINGAPORE	<i>Mail:</i> P.O. Box 845 <i>Cable:</i> CANADIAN <i>Tel.:</i> 7739
South Africa (Natal, Transvaal) Southern Rhodesia, Northern Rhodesia, Nyasaland, Mozambique, Kenya, Tanganyika, Uganda, Zanzibar	C. B. Birkett, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 715 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2628
South Africa (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	K. F. Noble, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangier	E. H. Maguire, Canadian Government Trade Commissioner	70 Avenida Jose Antonio, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 21-41-13
Sweden Finland	Acting Commercial Secretary	Canadian Legation, Strandvagen, 7-C, STOCKHOLM	<i>Mail:</i> P.O. Box 14042 <i>Cable:</i> CANADIAN <i>Tel.:</i> 67-92-15
Switzerland Austria, Czechoslovakia, Hungary	Yves Lamontagne, Commercial Counsellor	Canadian Legation, Thunstrasse 95, BERNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 4-59-17
Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	T. G. Major, Canadian Government Trade Commissioner	Colonial Building, 72 South Quay, PORT-OF-SPAIN	<i>Mail:</i> P.O. Box 125 <i>Cable:</i> CANADIAN <i>Tel.:</i> 4787
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Venezuela Colombia	Vice-Consul of Canada and Acting Agricultural Trade Commissioner		

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0309.

Country	Unit	Type of Exchange	Canadian dollar equiv. Nov. 6	Notes (See below)
Argentina	Peso	Preferential buying	1293	
		Basic buying	1940	(1)
		Preferential selling	1940	
		Basic selling	1293	
		Free	0699	
Austria	Schilling		0451	
Australia	Pound		2.1735	
Belgium-Luxembourg & Belgian Dependencies ...	Franc		0194	
Bolivia	Boliviano	Official	0162	tax 5% (1)
		Differential	00965	tax 3% (2)
British West Indies (except Jamaica)	Dollar		5669	
Brazil	Cruzeiro		0524	tax 8% (2)
Burma	Kyat		2038	
Ceylon	Rupee		2038	
Chile	Peso	Official	0312	(1)
		Commercial	01615	
		Free	00782	
Colombia	Peso	Basic	3880	tax 3% (2)
		Coffee Buying	4275	
Costa Rica	Colon	Official	1731	(3)
		Free	1443	*Sept. 30
Cuba	Peso		9700	tax 2%
Czechoslovakia ...	Koruna		0194	
Denmark	Krone		1404	
Dominican Republic	Peso		9700	
Ecuador	Sucre	Official	06466	(4)
		Free	05575	
Egypt	Pound		2.7854	
Fiji	Pound		2.4476	
Finland	Markka		0042	
France	Franc		00277	
French Africa	Franc		00555	
French Pacific	Franc		01526	
Germany	D Mark		2310	
Greece	Drachma		000065	
Guatemala	Quetzal		9700	
Haiti	Gourde		1940	
Honduras	Lempira		4850	
Hong Kong	Dollar	Free	1515	*Sept. 29
Iceland	Krona	Official	05956	
		Special buying	04580	
		Special selling	03722	
India	Rupee		2038	
Indonesia	Rupiah	Basic	0851	(5)
		With Surcharge I	0425	
		With Surcharge II	0284	
		Dollar certificate	00182	*Oct. 15

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Nov. 6	Notes (See below)
Iran	Rial	Certificate I	·01193	*Sept. 26
		Certificate II	·01186	*Sept. 26
Iraq	Dinar		2·7169	
Ireland	Pound		2·7169	
Israel	Pound	Basic	2·7160	
		Special	1·3580	
		Investment	·9700	
Italy	Lira		·00156	
Jamaica	Pound		2·7169	
Japan	Yen		·00269	
Lebanon	Pound	Free	·2719	*
Luxembourg (See Belgium)				
Mexico	Peso		·1121	
Netherlands	Guilder		·2553	
Netherlands Antilles	Guilder		·5144	
New Zealand	Pound		2·7169	
Nacaragua	Cordoba	Effective buying	·1470	(6)
		Official selling	·1376	
		With Surcharge I	·1205	
		With Surcharge II	·0965	
Norway	Krone		·1358	
Pakistan	Rupee		·2932	
Panama	Balboa		·9700	
Paraguay	Guarani	Basic	·06466	(1)
		With Surcharge I	·04619	(7)
		With Surcharge II	·03233	
Peru	Sol		·0627	
Philippines	Peso		·4850	tax 17% (2)
Portugal	Escudo		·0338	
El Salvador	Colon		·3880	
Singapore & Malaya	Straits dollar ..		·3170	
South Africa (Union of)	Pound		2·7169	
Spain & Dependencies ...	Peseta	Basic buying	·04429	
		Basic selling	·08645	(1)
		Free	·02446	
Sweden	Krona		·1875	
Switzerland	Franc		·2263	
Syria	Pound		·2707	*Sept. 30
Thailand	Baht	Official	·0776	(1)
		Free	·0551	*Sept. 30
Turkey	Lira		·3464	
United Kingdom ..	Pound		·27169	
United States	Dollar		·9700	
Uruguay	Peso	Official	·6386	
		Basic buying	·5449	
		Special buying	·4128	(1)
		Basic selling	·5105	
		Special selling	·3959	
Venezuela	Bolivar		·2896	(8)
Yugoslavia	Dinar		·00323	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

EVERY MARKET

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MEXICAN MARKET

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foreign **trade**

NOVEMBER 22, 1952



The "New" MEXICO

..... what it means to Canadians



Blueprint of Progress

In Mexico today, the economic pulse is beating fast and strong. Great power projects are taking shape . . . steel mills are expanding . . . industrial production and national income rising rapidly. Highways are being improved, the railways modernized.

Even the peon, in the rearguard of progress, is sharing the economic advance. Machinery is taking over some of his tasks; irrigation is making larger areas productive.

A late-comer to the industrial age, Mexico has made giant strides in the past ten years. Our special issue on Mexico begins with a first-hand report on this great industrial development—because it is the bedrock on which a substantial two-way trade must be built. To sell in the Mexican market today, the exporter must understand the plans and the ambitions of this nation of 26 million people.

The opportunity is there . . . and Canada is already seizing it. Our sales to Mexico rose from \$17·6 million in 1950 to \$29·8 million in 1951; for the first nine months of 1952, they reached \$28·3 million. Heading the list are the products that an expanding economy demands—newsprint, machinery, aluminum, copper, farm machinery, cars and trucks. But that is not the whole story. Altogether, the 1951 export list contains some 308 different items.

It is difficult, says the Commercial Secretary in Mexico City, to be specific about sales opportunities. But Mexico has the money to buy dollar goods, the insistent needs of a growing country, a tariff system that puts all competitors on an equal footing. The following pages give some insight into the possibilities of this market—where Canadian business can have a part in Mexico's progress.

—The Editor.



foreign trade

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R The steel
of a skyscraper, ris-
one of Mexico City's
own squares, symbol-
the industrial future to
Mexico is dedicated.
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the Teatro Nacional.
courtesy "Business
"

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Mexico Moves Forward

. . . into a future where the smokestacks of industry will multiply, production continue to rise, and trade at home and abroad reflect the coming of the industrial age.

MEXICO, D.F.—In the last thirteen years, Mexico has made remarkable progress. The stage now appears to be well set, politically and economically, for further growth.

The greatest development has gone on in the capital district. However, the Government has carried out an extensive public works program, chiefly irrigation. These irrigation projects have brought into productivity large areas, both in the north and in the south, that were hitherto considered practically useless. The industrial development in the Federal District is remarkable and its industrial production accounts for one-third of the Mexican total. More than 450 new plants are reported to have begun operations during 1951. Among them are a number of branch plants of important U.S. corporations.

Mexico City has practically doubled in population since 1939—to some three million—making it one of the world's leading cities. The face of the downtown district, the old city, is being rapidly altered by the building of modern skyscrapers and the old and the new, side by side, provide a striking contrast. The rapid growth of population in the capital poses many serious social and economic problems and living conditions for the bulk of the population leave something to be desired.

Signposts of Progress

A study of official statistics confirms the progress made since 1939.

- Industrial production, 1939, 2,113 million pesos; in 1946, 9,514 million pesos; in 1950, 16,794 million. (The devaluation of the peso in 1947-48 must be taken into account here.)

- Volume of manufactured goods (eliminates the devaluation of the peso) was 174.6 in 1946, and 228.2 in 1950. 1939=100.

- Electrical energy, 134.7 in 1946; 179.1 in 1950.

- Oil production, 128 in 1946, 171.2 in 1950. (Before expropriation in 1938, oil production was much higher.)

- Real national income, 4,460 million pesos in 1939, 7,900 million in 1946; 9,270 million in 1950.

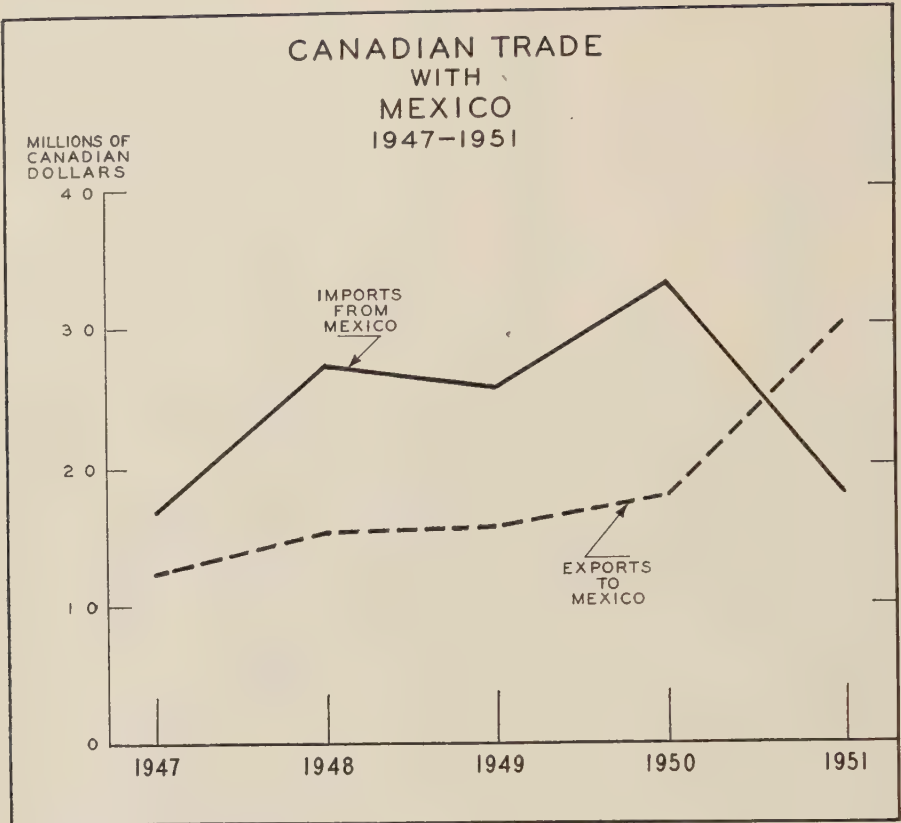
- Real per capita income (1939=100) 147 in 1946 and 161 in 1950—up 15 per cent in the last five years.

- Profits equalled 26.10 per cent of total national income in 1939, 45 per cent in 1946, and 41.4 per cent in 1950.

- Wages and salaries represented 30.5 per cent of the national income in 1939, 22.5 per cent in 1946, and 23.8 per cent in 1950.

Public Works Program

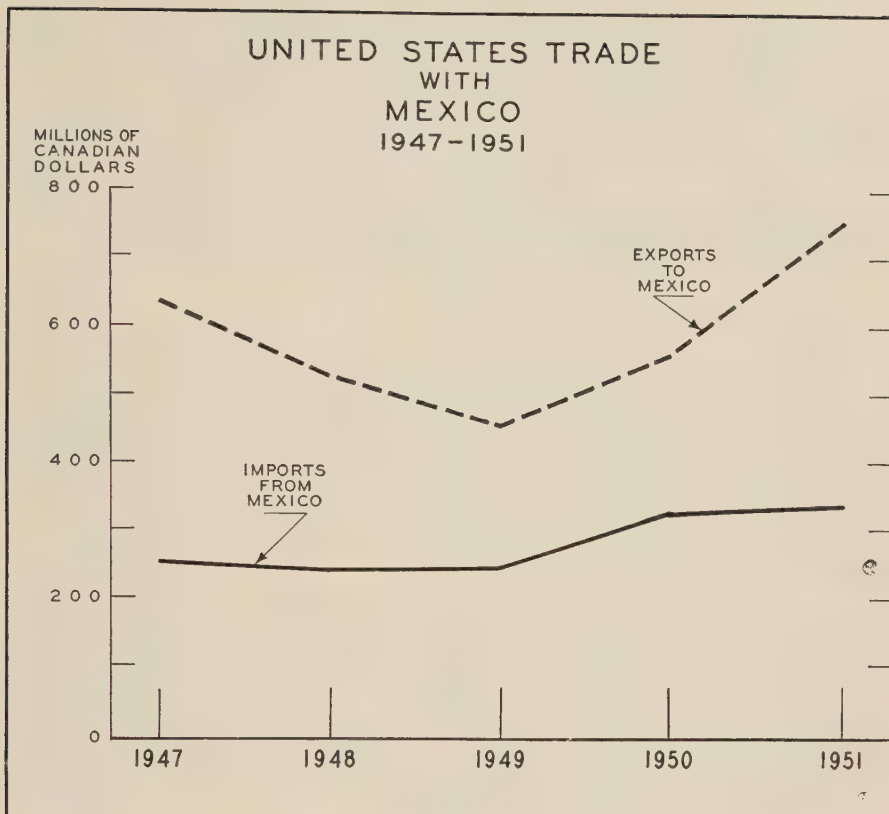
Outstanding examples of public works programs well on their way towards completion include the new University City on the outskirts of Mexico City, the new railway passenger terminal in Mexico City and the freight terminal outside of the city, and the Papaloapan River development in the State of Vera Cruz.



—Dominion Bureau of Statistics.

The new University City occupies a 170-acre site on a lava bed, formerly wilderness, and represents an investment of about 200 million pesos. A spectacular stadium has already been built, with seating capacity for 110 thousand. When it is completed, the new University City will provide facilities and accommodation for 30 thousand students. The new railway terminals, comprising a completely modern installation, will cost more than 250 million pesos and will effectively speed up the handling of freight by rail throughout the Republic.

The Papaloapan project, by far the most ambitious development undertaken by the Aleman regime, is a Mexican TVA. The Government is developing an area about twice that of the State of New Jersey, until now mostly an unhealthy wilderness. Rainfall in the mountains in this district runs as high as 200 inches a year, which at times turns the otherwise sleepy river into a raging torrent, causing vast destruction. The President Aleman Dam, being built across a mountain gorge, will be the largest in Latin America and the reservoir back of it greater than the Shasta Dam in California. This provides for an important waterpower development—the first installation for 100 thousand kilowatts—and water to irrigate 400 thousand acres. In the same development, four main dams are projected; when they are completed, will mean additional waterpower and water for 1.2 million acres. The population in the area, now



—Dominion Bureau of Statistics.

about 3,000, is expected to reach 50 thousand within ten years. The investment in the project to date totals nearly 400 million pesos and vast sums will be needed to complete it.

Industrialization Encouraged

The policy of the present government has been to encourage local manufacturing in every way possible and the results have been most satisfactory. The industrialization program has been promoted by granting government loans through Nacional Financiera, giving new industries tax exemptions for a period of years, setting up highly protective tariffs, and using import licensing to restrict and suppress imports.

The trend towards industrialization makes Mexico less attractive as a market for imported consumer goods but, on the other hand, it has greatly enhanced the market for capital goods and component raw and semi-manufactured materials for use in Mexican industry. Although Mexican import statistics still show large quantities and a wide range of consumer goods, select any group at random and you will find that, in certain sections at least, some local manufacturing or assembly operation has been set up which is operating profitably under tariff protection. The opportunity for finished imports in this line is thus limited and may vanish entirely. This puts up cost to the consumer and fosters uneconomic operations, but the main emphasis is on industrialization.

Local assembly operations take care of practically the entire market for automobiles and trucks (see report on page 24), refrigeration equipment, washing machines and electrical household appliances, radio sets, water heaters and many lines of tools and equipment. In some instances, American corporations have established their own branch plants here; in others, Mexican companies are working independently or under a royalty arrangement. Local assembly operations provide a continuing market for component parts, spares and replacements. Few Canadian companies have shown interest in local manufacturing arrangements.

Capital Goods Sell

Government policy will probably continue to encourage industrialization and the greater opportunities lie in the sale of capital goods and equipment and component materials. Industrial projects of all kinds are actively promoted and there is a wide market for plant and equipment of every description. The incoming government will doubtless continue the vast public works program which includes many hydro-electric projects, the modernization of the railways, irrigation projects, etc., and which involves huge capital expenditures.

The industrial field in Mexico is attractive and the returns to investors generous. Forty-two companies which in 1950 had a combined capital of over 717 million pesos and obtained profits of 109·8 million pesos, reported a total capital of 752·8 million pesos in 1951 and profits of 169·4 million pesos. Average profit rose from 15·3 to about 22·5 per cent. Of the 42 companies studied, only one, a textile firm, lost money in 1950 and 1951. Only 28·04 per cent of profits obtained in 1950 were re-invested, 73·2 million pesos being paid in dividends.

Foreign Trade

Mexico's foreign trade has expanded from 1,204 million pesos in 1938 to 12,220 million in 1951. Imports in 1938 totalled 494 million pesos and exports 710 million. In 1951, imports equalled 6,773 million pesos and exports 5,447 million, making the adverse balance in 1951 greater than the total trade in 1938. Mexico achieved a favourable balance of trade during the war years, but at the end of the war heavy imports were resumed and in both 1946 and 1947 there was an adverse balance of more than 1,000 million pesos.

The consequent depletion of the U.S. dollar reserves had a disturbing effect on the peso and on July 21, 1948, the peso was set free to find its own level in the free market. The day after, it dropped from 4·86 to the dollar to 6·80. It continued to weaken spasmodically and in June 1949 stood at 8·20 to the dollar. The Mexican Government, on June 18th, officially fixed the new rate at 8·65 to the U.S. dollar and this rate has remained in effect.

Drastic import restrictions were imposed in the second half of 1947. By 1949 a small favourable trade balance was achieved. In 1950 it reverted to an unfavourable one, with imports at 4,403 million pesos and exports at 4,339 million. However, in 1950, following the outbreak of the Korean War, heavy imports of capital goods commenced and have more or less continued to the present. A large percentage of these pur-

chases are made against credits from the World Bank and the Export-Import Bank and they do not constitute a current drain on the peso although they influence the adverse balance of trade greatly.

Selected List of Mexican Imports, 1951

Commodity	(in dollars) Total Imports (Mexican statistics)	Principal Supplier	Canadian Exports (D.B.S. figures)
Malt	2,019,236	U.S.A.	689,391
Whisky	1,114,695	U.K.	801,630
Bicycles	2,050,135	U.K.	1,793
Ferro-manganese	166,218	Canada	129,530
Other ferro-alloys	379,467	Canada	338,251
Washing machines and parts	130,567	U.S.A.	209,697
Ammonium sulphate	144,363	U.S.A.	3,804
Fertilizers	419,774	U.S.A.	84,257
Iron and steel wire and cable	4,180,281	U.S.A.	23,670
Copper wire	1,436,993	Canada	1,106,791
Copper tubing	726,119	U.S.A.	94,555
Copper bars, rods, sheets and ingots	406,107	U.S.A.	20,151
Soda and sodium compounds	2,087,344	U.S.A.	327,569
Natural and artificial abrasives	379,195	U.S.A.	Nat.—1,844 Art.— Nil
Breeding cattle and milk cows	540,080	U.S.A.	277,331
Abrasives mfd.	875,704	U.S.A.	110,248
Asbestos fibres, milled and shorts	333,121	Canada	839,599
Asbestos mfrs.	596,667	U.S.A.	110,853
Newsprint	6,798,133	Canada	4,432,375
Cigarette paper	916,072	U.S.A.	Nil
Tissue and toilet paper....	492,592	U.S.A.	21,010
Cellophane	2,006,138	U.S.A.	Nil
Milk powder	2,333,907	U.S.A.	222,388
Industrial machinery	16,419,499	U.S.A.	....
Motors, electric generators and dynamos	2,445,308	U.S.A.	16,250
Threshers, binders, reapers and sowers	1,166,856	U.S.A.	180,089
Harrows	530,038	U.S.A.	58,455
Ploughs	4,292,266	U.S.A.	415,682
Tractors (farm)	16,472,989	U.S.A.	252,394
Deep well pumps	8,143,093	U.S.A.	27,498
Aluminum (raw)	117,050	Canada	1,129,814
Aluminum (semi-mfd.) ...	134,651	Canada	531,191
Aluminum (mfd.)	78,243	Canada	64,860

The Second World War altered the trend and pattern of Mexico's foreign trade. Before 1939, about one-third of this trade was with Europe. In 1950 and 1951, approximately 85 per cent of Mexico's total trade was with the United States. Trade with Europe, however, can be increased and barter deals in Mexican raw cotton may be significant here, as they were in 1951.

—M. T. STEWART

Commercial Secretary for Canada

Progress on the Land

With 62 per cent of its people engaged in agriculture, and with the population growing rapidly, the Government is trying to step up food production.

MEXICO'S foreign trade in agricultural and food products in 1951 showed a favourable balance of 830 million pesos. Undoubtedly this achievement reflected the emphasis which the Government has been putting on agricultural improvement and expansion. Much remains to be done, and the Government recognizes the urgent need for increased food production, both to feed a rapidly growing population and to keep up exports.

Mexico has long been regarded as an agricultural country and about two-thirds of the population still depend on the land. However, large quantities of basic foodstuffs have to be imported to provide a mere subsistence diet for the struggling masses. In 1940, food product imports totalled 22.4 million pesos and this figure increased spectacularly to 377.7 million in 1950.

Agricultural Production Low

Although the land area is great, only about 15 per cent of it is suitable for agriculture, even if every feasible irrigation project is developed. The Government estimates that 15 million hectares (one hectare=2.47 acres) is now available for agricultural production; of this, 1½ million hectares is new land opened up within the past six years. In this period, about a million hectares was irrigated to some extent. Investment in irrigation works totalled over two billion pesos.

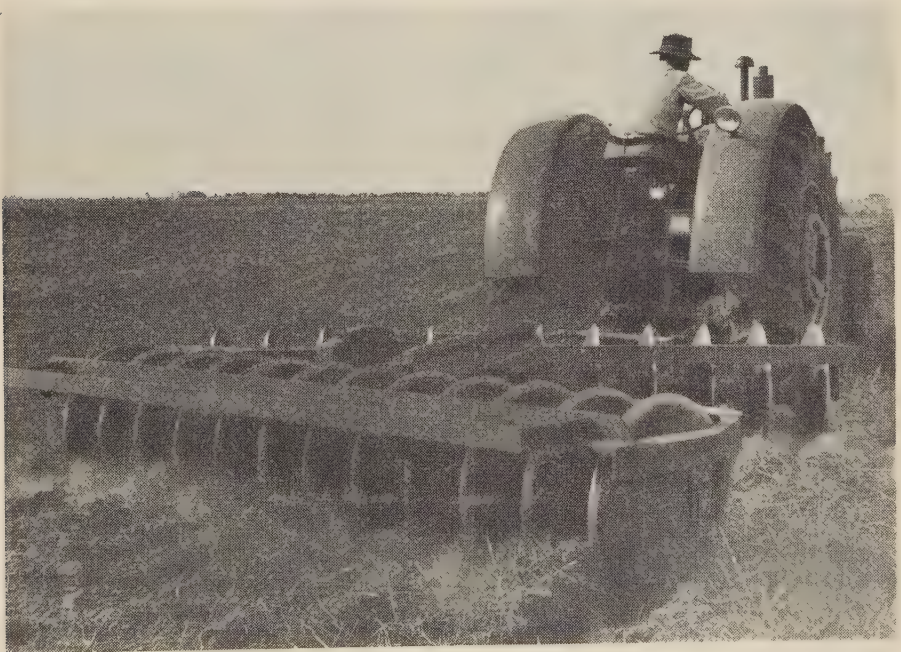
Statistics show, significantly, that 62 per cent of the total population is engaged in agriculture. But this 62 per cent produces only 16 per cent of the national income; the remaining 38 per cent engaged in industry, commerce, mining, etc., produce 84 per cent. The FAO index of total agricultural output shows average 1934-38 at 100, 1946 at 124, and 1949 at 149, which compares with a population increase during the same period of about 30 per cent.

Grazing land is said to comprise approximately 30 per cent of the total area of Mexico, but the greater part of this, particularly in the north (the main cattle-raising area) is deficient in rainfall and permanent rivers are few. Consequently, the resources for livestock production are considerably smaller than they might appear. However, in normal years Mexican exports of live cattle to the United States average about 500

thousand head and this trade may be resumed now that the ban on imports to the U.S., imposed because of hoof and mouth disease in Mexico, has been lifted.

Mexico's agricultural output could be vastly improved. The solution lies in the increased use of modern scientific methods. A peculiarity of Mexican agriculture is the "ejidal" system, under which about half of the land is cultivated by communal groups called "ejidos". The ancient system, which does not lend itself to modern ways, is extremely difficult to reform because it goes back to the early days and the peasant farmers regard it as their constitutional right. The "ejido" is a tract of land which was originally seized from the land-owner or the church in the early days of the revolution and was formed into an "ejido" under the Cardenas regime in the thirties. Each farmer is allocated a plot of land to work but he does not own it. Usually the plots are too small to apply modern methods successfully and the peasants have no resources to purchase modern equipment. The return per acre is pitifully small. A large percentage of the farm population of Mexico work these small holdings and live in dire poverty.

Large sections of the north which benefit from the modern irrigation projects are developing well. Here the holdings are large and operated by owners with money to purchase modern equipment and employ scientific methods, which yield excellent results. The export crops—principally cotton, rice, tomatoes and oranges—are produced on these large holdings. In 1951, tomatoes, raw cotton, peanuts, and coffee ranked high among Canada's imports from Mexico.



(Above) A Canadian-made disc harrow, tractor-drawn, at work on a Mexican farm. Faced with the imperative need to increase food production to feed a growing population, Mexico is introducing modern methods.

The agricultural production figures recently released are encouraging. During the 1951-52 crop season, a total of 9.5 million hectares was sown, an increase of 470 thousand hectares.

Production of Selected Crops

	1951	Est. 1952
Corn	3,400,000 tons	3,750,000 tons
Wheat	537,000 metric tons	585,000 metric tons
Beans	274,000 metric tons	316,000 " "
Rice (clean)	119,000 tons	128,700 tons
Cotton	1,200,000 bales	1,600,000 bales
Fats	219,000 metric tons	250,000 metric tons
Sugar	752,000 tons	790,000 tons
Fruits	1,200,000 metric tons	1,700,000 metric tons

Some Production Up

The sugar industry has set itself a production goal of one million metric tons a year by 1955. The Government is actively assisting the expansion program and 30 million pesos are being spent to open 75 thousand acres of new land to the cultivation of sugar cane, ten million pesos on mechanized equipment for farms and plantations, 30 million pesos on new irrigation works, and 100 million pesos on construction of new mills or the improvement of existing ones. Domestic consumption rose from 362,737 to 584,191 metric tons between 1940-50 and it may exceed 950 thousand metric tons by 1955. Excess production for export is expected to remain under government licensing control.

The production of vegetable and animal fats and oils has increased so rapidly in recent years that, with the notable exception of hog lard, a once large import trade in fats has almost disappeared. Per capita consumption of fats and oils was only 16.5 grams a day in Mexico in 1948, as compared with 57.0 grams in Canada. And, despite the expanding national economy, it may not exceed 30 grams a day at the end of the next decade.

The following production and consumption figures have been issued by the Secretariat of National Economy:

	Production 1951 (metric tons)	Domestic Consumption 1948-1950 Annual average (metric tons)
Cottonseed Oil	57,000	32,000
Sesame Oil	44,650	43,000
Peanut Oil	9,500	7,000
Coconut and Palm Oil	30,000	26,500
Tallow	12,800	12,500

Imports of hog lard in recent years have represented 96 per cent of all imports of animal and vegetable oils and fats, and came entirely from the U.S. They were valued at 25.1 million pesos in 1950 and at 37.2 million pesos in 1951. The sole importer is CEIMSA, the government agency.

—M. T. STEWART

The Mineral Story

Copper, lead, silver and zinc continue to be Mexico's main mineral exports, but some new minerals are gaining ground.

MEXICO ranks high as a mineral producer; last year, minerals accounted for 30 per cent of her total exports. Among them, the "Big Four" are silver, lead, copper and zinc, both in volume of production and in their importance in international commerce. In 1951, they represented 25 per cent of total Mexican mineral production and 84 per cent of the production value.

Production has fluctuated year by year but only that of silver has fallen to any great extent—and output of silver has declined all over the world. The table below tells the story:

Mineral Production							
(metric tons)							
	1945	1946	1947	1948	1949	1950	1951
Silver	1,900	1,346	1,830	1,789	1,538	1,528	1,362
Lead	205,315	140,143	223,135	193,317	220,764	238,078	225,468
Copper	61,680	61,053	62,492	59,076	57,246	61,698	67,351
Zinc	209,940	139,535	195,814	179,029	178,402	223,530	180,064

Mexico is still the world's primary producer of silver, with 24·1 per cent of world production (as compared with 26 per cent in the United States), the third producer of zinc, and the sixth producer of copper.

Mineral Exports		
(metric tons)		
	1950	1951
Silver	1,300	1,000
Lead	261,300	178,000
Copper	69,900	71,500
Zinc	275,200	304,100

Exports of zinc and copper in 1950-51 actually exceeded production.

Domestic and Foreign Markets

In 1951, exports of minerals accounted for 30 per cent of Mexico's total exports. Lead minerals in that year represented 35 per cent of the value of all mineral exports and were second only to raw cotton in importance. Silver accounted for 14 per cent of mineral exports, zinc, 21 per cent and copper, 17 per cent. These four minerals therefore comprised in 1951 some 87 per cent of all minerals exported.

But some new minerals are appearing. The Banco Nacional de Comercio Exterior mentions bismuth, oxide of arsenic, and mica as gaining importance in foreign markets since the war. The United States buys almost all exported minerals, although Britain, Brazil, Belgium and Finland are markets of some importance. Italy and France have bought

quantities of copper. In 1950, the United States took 60 per cent of all zinc exports; the remainder was shared among Brazil, Belgium, Chile, Japan and Britain.

Figures on domestic consumption of these minerals are difficult to obtain. The Bank estimates that about 10 per cent of all the lead produced, 20 per cent of the copper, and 10 per cent of the zinc is used at home. The Bank comments unfavourably on Mexico's dependence on foreign markets but observes that, as industrialization progresses, domestic consumption is growing.

—M. T. STEWART

Steel for Development

MEXICO has an important and expanding basic iron and steel industry which supplies a large portion of her domestic requirements. The value of production totalled only 44·8 million pesos in 1940 and 159·5 million in 1945. But by 1950, this figure had risen to 420·2 million pesos. This reflected growing investment in the industry—34 million pesos in 1940; 126 million in 1945, and 500 million in 1950. Output in 1950 was approximately 136 per cent of production five years earlier.

Cost of raw materials in 1940 was 107·2 million pesos, and of wages and salaries, 76·4 million. Production valued in 1950 at 420·2 million, less production costs of 330·8 million, left a gross profit of 89·4 million pesos.

Production of steel at three leading plants was 264,065 tons in 1948, 331,583 tons in 1949, and 332,630 tons in 1950. The total national steel production in 1950 came to approximately 485 thousand tons.

Imports of steel and steel products were:

	1949	1950
Iron and steel and its manufactures	150,000 tons	150,000 tons
Articles of iron and steel	284,884 "	250,197 "
Total	434,884 "	400,197 "

Steel products are consumed largely in the home market. Total exports amounted to only 1,769 tons in 1950.

One of the industry's problems is getting enough scrap. Of a consumption of 388,760 tons in 1950, about 119,354 tons had to be imported.

Six million dollars is being invested in the plant of Cia. Fundidora de Hielo y Acero in Monterrey, to increase production of finished steel goods. The plant will maintain its output of unfinished steel but is placing orders abroad for machinery and equipment valued at four million dollars. The company intends to make large quantities of structural steel and corrugated sheet.

A new plant planned for the State of Durango will produce 300 metric tons of fine steel a day. Mexican private interests are investing an initial capital of 5·5 million dollars in this undertaking. The plant is scheduled for construction close to the Mercado iron ore deposit, according to government sources.

—M. T. STEWART

SALES OPPORTUNITIES

Dairy Cattle, Dairy Products

*In demand: pure-bred Holsteins;
skim milk powder.*

THE Mexican dairy industry is increasing production and improving the quality of its products after emerging from the decline which followed the outbreak of foot and mouth disease in December 1946.

In all the chief producing districts, dairymen are interested in enlarging their herds and improving them by importing good breeding stock and introducing artificial insemination. The Government is making credits available to obtain greater production. New plants for pasteurizing and processing milk are being built in and around the largest urban areas.

The predominating dairy breed in Mexico is the Holstein. Approximately 80 per cent of the grade cows in the country are Holsteins and the only other breeds of some significance are the Brown Swiss and the Jersey. There are a small number of Ayrshires and practically no Guernseys. The most important dairy section is the Mexico City district, with a dairy cattle population of approximately 76 thousand head and a production of something over one million pounds a day. Although production per cow is estimated at 18 pounds a day in the Mexico City area, it probably does not exceed 11 pounds for the country as a whole.

Milk Consumption Low

Currently, consumption of cow's milk in Mexico is some 155 pounds per capita a year, or less than 20 per cent of normal consumption in the United States. On the average, the urban population uses more milk than do the rural areas, some of which use scarcely any. Most of the evaporated and condensed milk is supplied by three local plants, but Mexico still depends on imports for 80 per cent of its powdered milk.

The consumption of butter is extremely low. Outside of Mexico City and three or four other large towns, it is so insignificant that per capita consumption throughout the country is less than $\frac{2}{3}$ of a pound per year. Total production, including factory and farm butter, is only 11 million pounds a year and imports are almost non-existent.

Of the total production of cheese—over 30 million pounds a year—not more than six million pounds represent factory production, which is limited almost entirely to Cheddar and processed cheese. Imports of cheese in 1951 were only slightly over one million pounds.

Chiefly because of the ravages of foot and mouth disease for nearly six years, the latest estimate of the number of milk cows in Mexico dates from 1940 and gives the total number of cows milked regularly at 797,785—of which 75 thousand head were milked in or near the Federal District. The results of a census taken in 1950 will be known before the end of this year.

Holsteins from Canada

The decline in the milk cow population in central Mexico from 1947-49, as a result of foot and mouth disease, was approximately 30 per cent. Imports of dairy cattle virtually ceased between 1947 and early in 1950 and did not exceed 400 head a year. There was a significant increase in dairy cattle imports in 1950, to a total of 1,379 head, of which 162 were purchased in Canada. Holsteins from Canada are well known and highly regarded and sales could be increased, once the Mexican border is again opened to livestock imports from Canada. A ban was placed on such imports last February when foot and mouth disease broke out in Saskatchewan.

Powdered milk for industrial consumption is being produced in four plants, one in the capital city and the others in the central states. Their combined production reaches approximately 550 tons per year. A plant being built in Mexico City expects to produce 1,100 pounds of powdered milk a day, or approximately 200 tons a year. Milk pasteurizing plants recently completed in the provincial capitals of Guadalajara and Torreon may also install equipment for making powdered milk.

Prospects Bright

Mexico is a net importer of dairy products. Imports of all dairy products in 1950 were valued at \$2.3 million, as against exports of a little over \$1,000. The principal item in the dairy group was powdered milk, to a value of \$1.8 million, followed by cheese valued at \$391 thousand. Imports in 1951 amounted to \$2.98 million, including 12.6 million pounds of powdered milk. The U.S. was the source of 76 per cent of Mexico's imports of all dairy products during 1950, and of 79 per cent in 1951.

The 1951 imports of powdered milk represented 82 per cent of the total value of all dairy products imported. Canada's share of the powdered milk trade has been comparatively meagre: 1.5 million pounds in 1950 and only 500 thousand pounds last year. However, recently CEIMSA, a government organization, has practically taken over the powdered milk trade and the immediate future for Canadian exporters of skim milk powder is very bright.

—M. T. STEWART

PULP AND PAPER PRODUCTS

In demand: newsprint, sulphite and sulphate pulp, printing papers, special papers.

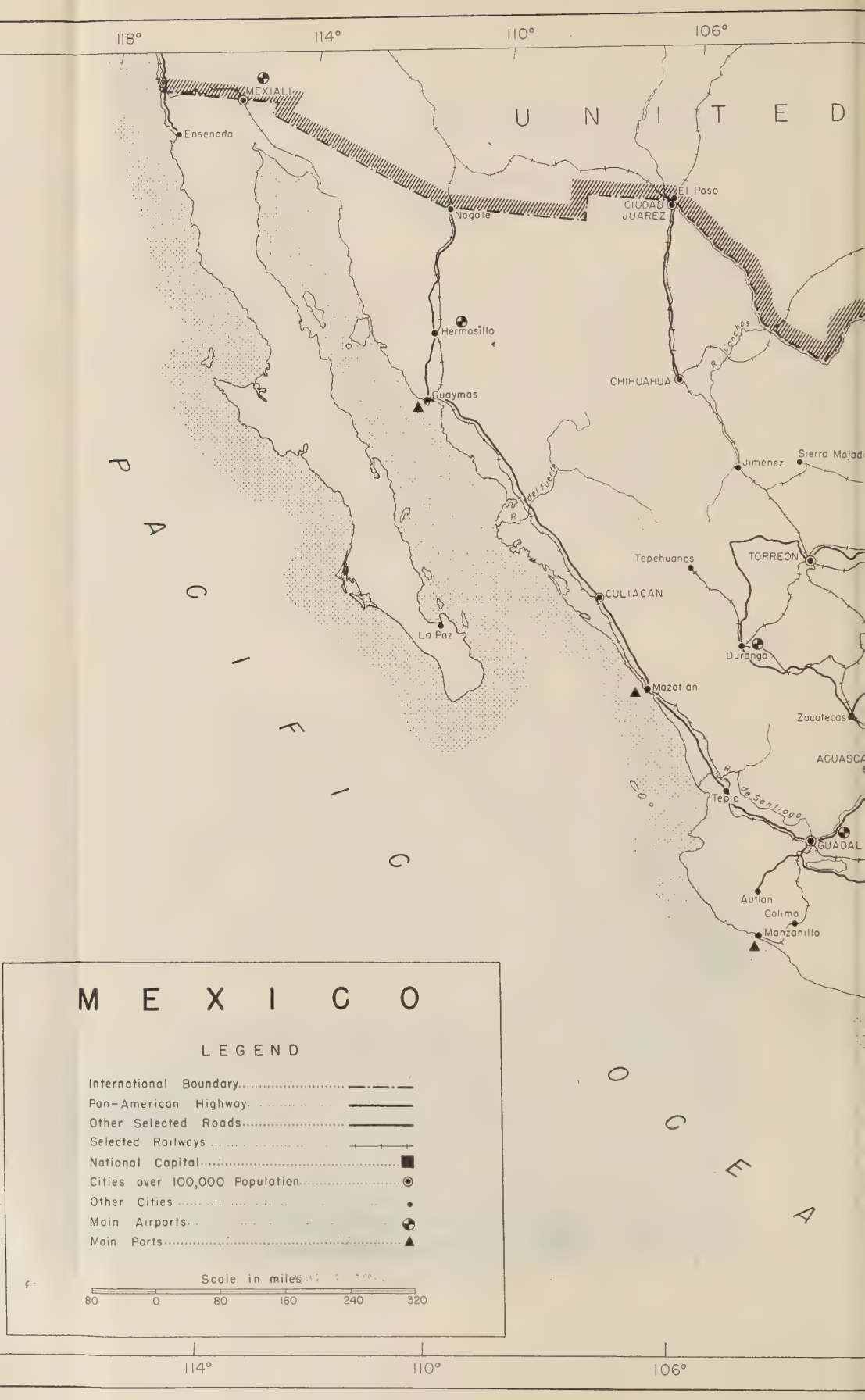
MEXICO offers one of the strongest markets in Latin America for pulp, newsprint, and a variety of special papers. The country imports 40 per cent of the paper of all types which it consumes, although the local industry's production has doubled since 1947. Chemical pulp, too, is chiefly obtained abroad. Domestic groundwood pulp production, on the other hand, was large enough last year to make imports unnecessary. Canada has long been a leading supplier of newsprint and pulp.

Nineteen of Mexico's 22 papermaking plants are located in or near the Federal District. Six plants also produce cardboard and paperboard. During recent years there have been several announcements that newsprint will be produced in domestic mills from sugar cane waste (bagasse) with the addition of other tropical vegetable fibres. Although these plans have not yet developed, there are reports (chiefly from government sources) that newsprint will soon be produced in the valley of the Papaloapan River, where a miniature TVA project has been started. A newsprint plant which, according to the Secretariat of Hydraulic

(continued on page 18)



(Above) Bales of Canadian newsprint being unloaded in Vera Cruz.



118° 114° 110° 106°

U N I T E D

P A C I F I C

M E X I C O

LEGEND

- International Boundary.....
- Pan-American Highway.....
- Other Selected Roads.....
- Selected Railways.....
- National Capital.....
- Cities over 100,000 Population.....
- Other Cities.....
- Main Airports.....
- Main Ports.....

Scale in miles

80 0 80 160 240 320

114° 110° 106°

O C E A N



Resources, will have a yearly production of about 70 thousand metric tons is to be built near the Presidente Miguel Aleman Dam, across the Papaloapan River. This dam will be the largest in Latin America, but it is not yet certain whether it can produce electric power sufficient for a newsprint plant and other plants promised for the area.

Mexico offers a good market for chemical pulp because only two small local plants are producing it. Sulphate pulp imports last year of 45,454 metric tons were valued at 99.6 million pesos (\$11.9 million). Sweden was the principal supplier, according to government sources. Canada supplied most of the 2,827 metric tons of bleached sulphite pulp purchased abroad in 1951. (The Mexican official total of imports conflicts with Canadian statistics.) Imports of mechanical wood pulp were nil last year, as in 1947, and in the three intervening years they totalled only 1,578 metric tons.

Canadian Pulp Sales to Mexico*

	1950		1951		1952 (6 mos.)	
	Cwt.	Dollars	Cwt.	Dollars	Cwt.	Dollars
Wood pulp, sulphate, kraft, bleached .....	....	....	....	....	13,732	228,151
Wood pulp, sulphate, kraft, unbleached	2,534	26,315	25,945	274,226	....	....
Wood pulp, sulphite, bleached, dissolving	42,971	308,194	57,948	492,321	48,607	308,941
Wood pulp, sulphite, bleached, paper grade..	....	....	69,045	977,752	24,133	351,891
Pulp, sulphite, unbleached, strong.....	18,150	80,965	....	....	43,124	502,388
Pulp, sulphite, unbleached news grade	22,563	111,687	....	....	25,442	329,201

* Dominion Bureau of Statistics figures.

The growth of the Mexican papermaking industry is shown by these production figures:

1947	110,000 metric tons	100 per cent
1948	130,000 "	118 "
1949	160,000 "	145 "
1950	180,000 "	164 "
1951	220,000 "	200 "

Principal paper imports of 1951, according to the Secretariat of National Economy, were:

	Pesos	Dollars
Newsprint	49.9 million	5.9 million
Writing paper	11.8 "	1.4 "
Cigarette paper	8.9 "	1.1 "
Gummed and waxed paper	24.7 "	2.9 "
Books, printed	15.0 "	1.8 "

Canada has not enjoyed a large share of the market for paper. Sales in past years, apart from newsprint, have been, according to the DBS.

	1950		1951		1952 (6 mos.)	
	Cwt.	Dollars	Cwt.	Dollars	Cwt.	Dollars
Paperboard	665	9,588	701	9,488	1,593	27,066
Wrapping paper .....	....	....	108	2,919	61	1,433
Bond and writing paper..	761	11,115	890	16,774	1,439	32,032
Toilet paper .....	....	....	2	51	1,268	17,964
Paper, n.o.p.	2,162	22,168	1,481	21,010	....	20,279
Book paper	627	6,962	1,191	16,371	....	....
Hanging or wall-paper (rolls)	11,568	3,319	3,221	1,744	1,556	763

Canadian Newsprint Sales to Mexico

	Cwt.	Dollars
1949	682,567	3,292,059
1950	658,172	3,288,660
1951	830,840	4,462,375
1952 (6 mos.)	616,978	3,428,174

Until plans which have been in existence for several years materialize, Mexico will continue a good market for paper products. Certainly, the consumption of paper will probably increase as rapidly as it has in every postwar year.

—C. B. SMITH

Office of the Commercial Secretary

Agricultural Machinery

In demand: tractors, combines, reapers, mowers, plough disc harrows, deep well pumps, irrigation equipment.

THE modernization of Mexico's agriculture provides a good opportunity for Canadian manufacturers of tractors and farm implements.

Canadian tractors and equipment are well known and highly regarded, and there is a potential market for many thousands of tractors. The number and types in agricultural use at January 1, 1952, were: wheel-type, 34,300 and track-laying 3,700; for non-agricultural use, 4,000. Imports of all types of tractors during 1951 totalled 9,710, of which 8,495 came from the United States (843 crawler tractors and 7,652 wheel-type), and 1,215 from other countries.

The Mexican Association of Machinery Importers (AMIM) estimates that it requires immediately 200 million pesos worth of tractors, but the main difficulty is credit. The farmers simply do not have the cash for such costly equipment and it is expensive and difficult for them to obtain credit from the banks. However, substantial credits are in force. The Banco Nacional de Credito Ejidal advanced credits of 397,500,000 pesos in 1951. The Banco Nacional de Credito Agricola, which operates in the interests of large rather than small farmers, reported credit advances amounting to 311 million pesos.

Credit for the farmers is the bottleneck which limits sales of agricultural equipment and, until the incoming government outlines its credit policy for agriculture, the position will be uncertain. Agricultural production must be increased and the new government is committed to further this project in every possible way. Thus, although the present outlook is not good, the long-range prospects are hopeful.

—M. T. STEWART

CHEMICALS

In demand: soda ash, caustic soda, key ingredients for chemical industry.

THE chemical industry in Mexico, which was controlled by German capital early in the century, has made great strides since 1939. Between 1930 and 1944, the number of workers employed rose by 156 per cent, although employment in manufacturing industries generally during the same period rose by only 85 per cent. Despite this development, imports of chemical products went up in 1945-1948 by 122·7 per cent over those of 1925-1929.

Largely through the activities of the Government's "Nacional Financiera", Mexico is developing a basic chemical industry to make use of ample natural resources. It has taken the three initial steps—establishing production of alkalis, sulphuric acid and fertilizers. Already production of these three is considerable.

In the fertilizer field, 70 thousand metric tons of ammonium sulphate are being produced in one plant near Mexico City, using gas piped in from the Poza Rica oilfield.

Output of standard superphosphates (less than 25 per cent concentrate), using mineral phosphates which are imported chiefly from the United States, is also being increased.

Sulphuric Acid—Enough sulphuric acid is probably being made to supply the domestic market. Production is being increased to ensure the output of larger quantities of fertilizer. Manufacture is centred in nine major plants at the moment, fairly well distributed throughout the country.

Four new plants were established between 1947-1951, with a combined capacity double that of all the plants in operation up to 1947. At present, these four plants account for 70 per cent of total national production, and several of them intend to enlarge their production capacity. The demand for sulphuric acid is increasing constantly and important new discoveries of sulphur deposits will encourage this development.

It is estimated that capital investment in plants to produce sulphuric acid is 30 million pesos, the largest single investment being 10·2 million. Approximately 49 per cent of this total capital is owned abroad, according to Mexican sources.

Most of the sulphuric acid produced is the 98 per cent industrial grade. The industry has been using 15 per cent of imported sulphur, but the need for these imports is disappearing. The price of sulphuric acid is frozen by the Government at 214 pesos per metric ton.

Fertilizers—Before 1939, Mexico imported between 12 and 15 thousand metric tons of fertilizers a year, principally Chilean nitrates, which were used almost entirely for cotton, sugar and winter vegetable crops.

However, with the rapidly expanding production of all these, fertilizers have assumed a new significance and the demand in the north of Mexico is increasing rapidly. In 1946, total yearly consumption of fertilizers was estimated at less than 30 thousand metric tons for the whole country.

A large producer, Guanos y Fertilizantes, S.A., organized by Nacional Financiera with a capital of ten million pesos, later increased to thirty million, has built three plants which produce separately chemical fertilizers (ammonium sulphate), standard superphosphates, and fertilizers of guano mixtures.

Total annual capacity of these three plants is 70 thousand metric tons. Other plants already in operation produce about 8,000 metric tons of standard superphosphates a year. The total capacity of 80 thousand tons of fertilizers includes about 40 thousand tons of standard superphosphates. Although Mexican agriculture is using twice as much fertilizer as before World War II, production is considered to be under requirements.

Alkalis—The production of alkalis was not established in Mexico until recently. Total capital investment in the production of alkalis is 25 million pesos—20 million in one plant, Sosa Texcoco, S.A., and a total of five million in three other plants, all of them situated close to or in the capital district of Mexico.

Total installed capacity is :

	Metric tons a year
Caustic soda	15,000
Sodium carbonate	38,500
Bicarbonate of soda	59,000
Sodium chloride	3,600
Potassium chloride	360
Hypochloride of calcium	16,000
Lime	18,000

Most of the caustic soda is produced as a 40 per cent solution, and 50 per cent solution occasionally. Solid sodium carbonate is available with a purity of 98·5 per cent.

The production of alkalis does not satisfy domestic demand. During 1949, a year of peak production, only 33 per cent of the domestic market was supplied by Mexican plants. The production of caustic soda will be increased by 2,000 metric tons a year with the establishment of Celulosa Nacional, S.A. The price of alkalis produced in Mexico is considered high.

—M. T. STEWART

TRADE STORY

In August 1952, Mexico's foreign trade figures were in the black for the first time since 1949. Exports reached a value of 508·8 million pesos, and imports totalled 490 million pesos. Trade deficit for the first six months of 1952 stood at approximately 1·1 billion pesos. The need for raw materials for industry, industrial machinery, and food-stuffs keeps imports high.

Pharmaceuticals

BEFORE 1939, the old-established German houses dominated the pharmaceutical market in Mexico. Several of them are still quite prominent, although they now operate under the control of the Mexican Government.

Mexican companies and branches of the leading American, British and European drug houses produce many lines of ethical drugs, and the industry is well organized. Large wholesale houses give national distribution.

The buying public prefers drug products manufactured abroad and the leading U.S. drug manufacturers are cashing in on their prestige value by operating local companies. In this group are Parke Davis, Squibb, Sharp & Dohme, Abbott Laboratories, Chas. Pfizer Inc., and Lederle.

Today in the antibiotic and sulfa field, as well as for ordinary products, the ingredients are imported in bulk, mainly from the U.S. and some from Europe, and packaged locally under high tariff protection. In fact, it is difficult to find any retail drug article for sale that is not packaged in Mexico.

Canadian drug manufacturers contemplating this market should remember that Mexico has established exacting marking requirements. These can be taken care of by their agent or distributor. Moreover, price control is in effect on sales of drug products.

Paints and Varnishes

THE Mexican paint industry has expanded tremendously since 1939 and now can take care of practically all local requirements. Under its policy of developing local industry, the Mexican Government placed a high tariff on imported paints and varnishes in 1947 and many of the large U.S. paint corporations subsequently set up branch plants in Mexico. This tariff protection insures profitable operations and the local subsidiaries get the full benefit of the parent company's research facilities and technical advice. However, specialties and certain key ingredients must be imported but no significant import statistics are available.

Imports of pigments include lithopone, titanium dioxide, barytes, mica, talc, carbon black, etc. Chrome pigments (yellow and orange) are made in Mexico but the quality is inferior. Green chromes, iron blues and ultramarine blue are imported. Synthetic iron oxide (of ordinary quality) are imported and the use of synthetic oxides is growing.

Natural resins have been largely replaced by synthetic resins and these are all imported, although they may soon be manufactured to some extent in Mexico. Solvents and thinners, nitro-cellulose for auto lacquers, metallic driers and plasticizers are also imported. The United States is the leading supplier for the entire paint industry.

Insecticides

MEXICO needs large quantities of insecticides but does not import them ready for use. Most of the mixing is done in this country, using imported dry ingredients (DDT and BHC) mixed with sulphur dust, most of which is imported, although it can now be produced in Mexico. Several United States companies are prominent in the insecticide field, notably Dupont, Anderson, Clayton, Matheison Chemical Corporation and Stauffer Chemicals.

The expanding cotton-growing industry has given the insecticide business an impetus. The greater part of the market is in Northern Mexico. Mexico is not a market for completely manufactured insecticides except in the border country, but it is an important market for key ingredients. U.S. exports to Mexico in 1951 included: DDT (25 per cent or more DDT), \$3,217,000; agricultural insecticides (not elsewhere specified), \$10,300,000, which includes BHC and practically everything else in insecticides.

Hand Tools

MEXICO provides a rather good market for imported hand tools. In 1951, about 46 million pesos worth of various kinds were imported, some ten million pesos above the 1950 totals. The leading tool manufacturers of the United States take the bulk of the trade and enjoy an enduring market here, as Mexican workers are very brand conscious. Germany is securing an increasing percentage of the market in which she held a prominent position before the war. Imports of hand tools from Canada are so far negligible.

There are two fairly well established local firms making a variety of hand tools; one more or less specializing in agricultural tools and the other in mechanics' and carpenters' hand tools. The local firms are operating under ample tariff protection: e.g., hammers carry 50 per cent ad valorem, axes and choppers 20 per cent ad valorem, plus a small specific duty in both cases. Hand tools not separately classified are dutiable at five centavos per gross kilogram plus 5 per cent ad valorem, and this applies to tools that are not as yet made in Mexico.

The annual sales of locally made hand tools probably total a few million pesos, and it is expected that the sale of the local articles will expand at the expense of imported hand tools. Mexican mechanics are good workmen and they can readily be taught diemaking, the proper operation of forging tools and tool finishing. A skilled mechanic in Mexico earns about 25 pesos a day, several times less than a similar workman earns in Canada, and labour is an important component in the cost of making hand tools.

—M. T. STEWART

The Automobile Industry

In ten bustling plants, Mexicans assemble 86 per cent of the automobiles and 92 per cent of the trucks and buses sold in that country.

BACK in 1926, the Ford Motor Company erected the first assembly plant for motor vehicles in Mexico, at a cost of some 300 thousand pesos. In the ensuing years, this industry has grown remarkably. Today ten automobile assembly plants are operating and they put together 86 per cent of the automobiles and 92 per cent of the trucks and buses sold in Mexico. These plants represent a capital investment of 300 million pesos and employ 14 thousand persons. It is estimated that an equal amount is invested in dealer and service operations throughout the country.

During 1951, 45 thousand vehicles were assembled in Mexico, of which one-half were automobiles and the remainder trucks, buses and tractors. In 1950, the number assembled was only 22,235 and in 1949, 22,047. The value of vehicle parts imported into Mexico for these years was 750 million pesos in 1951, 319 million pesos in 1950, and 270 million pesos in 1949.

Potential Capacity

In addition to Ford, the following are the principal assembly plants operating at present:

General Motors, Mexico, D.F.

Fabricas Auto-Mex (Chrysler products) Mexico, D.F.

Armadora Automotriz (Nash, Studebaker, Willys) Mexico, D.F.

Packard Motor Company, Puebla

Equipos Automotrices (Reo products) Monterrey

Automotriz de Mexico (Hudson & Renault) Mexico, D.F.

International Harvester (International trucks) Saltillo, Coah.

Diesel Nacional (Fiats & Diesel trucks) Mexico, D.F.

Diesel Nacional has erected a large assembly plant on the outskirts of Mexico City and Fiats will be assembled during 1952. In addition, European cars (Austin, Hillman Minx, Skoda, Renault, Opel and others) are being assembled either in the major local assembly plants or in smaller ones.

The potential capacity of the assembly plants in Mexico is approximately 50 thousand units a year. Until 1951, because of economic restrictions resulting from the stabilization of the peso, production was low but it has since expanded greatly.

Fundamentally, Mexican production is for national consumption but some cars have been exported to Caribbean countries and to Central and South America. European manufacturers who have begun assembly operations in Mexico are hopeful that they will supply the Latin American market from Mexico.

The vehicle assembly industry in Mexico is given liberal protection by the Mexican tariff, which specifies the following rates of duties for various types of vehicles:

- Passenger cars valued up to 13 thousand pesos, 1,600 pesos each, plus 30 per cent ad valorem.
- Passenger cars valued at more than 13 thousand pesos but not more than 25 thousand pesos, 1,700 pesos each, plus 35 per cent ad valorem.
- Passenger cars valued at more than 25 thousand pesos but not more than 40 thousand pesos, 2,000 pesos each, plus 35 per cent ad valorem.
- Passenger cars valued at more than 40 thousand pesos but not more than 55 thousand pesos, 2,000 pesos each, plus 40 per cent ad valorem.
- Passenger cars valued at more than 55 thousand pesos, 3,000 pesos each, plus 45 per cent ad valorem.
- Passenger buses, 5,000 pesos each, plus 5 per cent ad valorem.
- Trucks, 5,000 pesos each, plus 5 per cent ad valorem.

The ad valorem portion of the duty is levied on the Mexican official valuation or the invoice value, whichever is the higher.

The official valuations for passenger cars under the above-listed categories are:

Category 1	each	12,000	pesos
2	"	17,000	"
3	"	30,000	"
4	"	40,000	"
5	"	50,000	"

Certain models of passenger cars are classified for the purpose of assigning one of the above official valuations. The Prefect, Austin A-70



A section of the Pan American Highway between Mexico City and Zimapan. Increasing production of automobiles in Mexico means more emphasis on improving highways; ten thousand miles of new roads are being built.

and Hillman Minx are all listed under the official valuation Class 1 for 12 thousand pesos, while Austin A-90, certain Chevrolet and Ford, Chrysler and Plymouth models, Henry-J, Nash, Studebaker Champion and Willys are listed under Class 2 for official valuation of 17 thousand pesos each.

Production May Fall

It is expected that this year will see a slight reduction in production and sales from the high level of 1951, unless export markets can absorb the slack. The record production of last year has saturated the market to some extent and consumers are hesitating because of higher prices.

On the other hand, automobile and truck registrations throughout Mexico total 318 thousand units. Normal replacement of these vehicles should amount to over 30 thousand a year, without considering excess demand resulting from the economic expansion of the country. The low price of gasoline in Mexico and the extensive road-building program may also give an impetus to the expansion of the automotive industry. During the past five years, more than six thousand miles of paved roads have been built in Mexico, plus many thousand miles of essential feeder roads.

The vehicle assembly industry in Mexico will probably be stabilized at 30-40 thousand units a year. If export markets are developed, this number will increase substantially.

—S. G. TREGASKES

Assistant Commercial Secretary for Canada

Treaty Relations

CANADA and Mexico exchange most-favoured-nation trade relations by virtue of the trade agreement between the two countries of February 8, 1946. This was the first postwar trade agreement concluded by Canada and was signed in Mexico City by Senator J. A. MacKinnon, then Minister of Trade and Commerce. The agreement was made for an initial two-year period and continues in force automatically until terminated by either country.

Under this agreement, Canada and Mexico exchange m.f.n. treatment in all customs duties and other charges, as well as in customs formalities and in the application of internal taxes. Any tariff reductions or other benefits that Canada or Mexico may grant, or has granted, to a third country are automatically extended to the other. Thus, although Mexico is not a signatory of the General Agreement on Tariffs and Trade, she benefits from all tariff concessions granted by Canada as a result of GATT negotiations with other countries.

—MAURICE SCHWARZMANN

International Trade Relations Branch

Transportation to Mexico

MEXICO forms the greater part of the southern isthmus of the North American continent and, because it is separated from Canada only by the United States, can be reached by land, water or air. Shipping services from both Canadian coasts, rail transportation through the United States, and air transportation via United States air gateways offer a choice of transportation to Canadian businessmen and their goods.

Shipping Services

Two shipping companies provide regular services from eastern Canada to Mexican ports. The Canada Mexico Line, operated by the Federal Commerce and Navigation Company, pioneered liner berth services from eastern Canadian ports to Mexico after the last war. This line maintains regular sailings from Montreal and Halifax to Vera Cruz and Tampico, on the Gulf of Mexico. The other shipping service is provided by the Swedish American Line, with a sailing every three weeks from Montreal, Three Rivers and Quebec. During winter months sailings are from Saint John and Halifax. The Swedish American Line operates two fast cargo vessels on this service, one of which, *M.S. Danaholm*, is equipped with refrigerated cargo space.

From Pacific Coast

Two shipping lines offer regular services to Mexican west coast ports from Vancouver. The Grace Line, in its services to the west coast of Central and South America, has a sailing every two weeks to Manzanillo or Acapulco. Vessels call at each of these ports on alternate sailings. The Independence Line has a monthly sailing to Acapulco on their services to the west coast of Central and South America. Vessels of both these lines provide refrigerated cargo space.

In addition to these services, Saguenay Terminals Limited recently established a fortnightly service between Vancouver and eastern Canadian ports. Calls will be made at Mexican ports, if enough cargo is forthcoming.

Air Transport

Air passenger and cargo traffic from Canada to Mexican destinations moves via various United States air gateways. Airline services from these U.S. points are excellent, with New York, Chicago and Los Angeles providing the best connections for the Canadian shipper or traveller.

From New York, American Airlines and Pan-American Airways operate daily flights to Mexico City and Monterrey. From Chicago, American Airlines serve Mexico City with three flights daily, and Monterrey with one flight a day. Good connections can be made from Canada to each of these cities; Trans-Canada Air Lines operate several flights daily from Montreal and Toronto to New York, and two a day from Toronto to Chicago. In addition, Colonial Airlines have a number of flights each day between Montreal and New York and American Airlines between Toronto and Chicago.

From the Canadian West Coast, best routing is via Seattle and Los Angeles. TACA International Airlines, Mexicana De Aviacion and American Airlines schedule frequent flights from these cities to Mexico City and Monterrey.

When considering air transport, prospective shippers or travellers usually stress the time factor. By air, Mexico is only a matter of hours away from most cities in Canada. It is possible to reach Mexico City the same day as one leaves Montreal, Toronto or Vancouver. Within Mexico, air services are also good. Pan-American Airways and several national airlines operate throughout the country and arrival in any of the principal Mexican cities is never later than the day following departure from Canada.

Within the near future, another air service to Mexico will be available to shippers and travellers in western Canada. Canadian Pacific Airlines are planning to extend their present Hong Kong-Vancouver route via Mexico City to Lima, Peru and Rio de Janeiro, Brazil, thus providing direct, non-stop flights between Vancouver and Mexico City. Present planning points to this service being inaugurated next year.

Rail Transport

Unlike foreign markets across the sea, Canadian exporters or importers looking to the Mexican market have a third media of transport—all-rail—to carry their products. The combined facilities of Canadian, United States and Mexican railways provide good connections and all-rail routings from any point in Canada, along the thousands of miles of trackage within this country, to Mexican destinations. Within Mexico, the main rail routes connect with U.S. railways at four border points and radiate throughout the country.

Since the last war Mexico has made rapid strides in developing its internal railway system. New equipment has been added and narrow gauge rail lines converted to standard gauge. The Mexican railway system is practically all government-owned. Through the years the Republic has acquired a number of privately-owned railway companies and combined these into the National Railways of Mexico. Their latest acquisition, in the latter part of last year, was the properties of the Southern Pacific Railroads of Mexico, including some 1,230 miles of trackage running down the west coast and terminating at Guadalajara.

The National Railways of Mexico operate modern trains with standard Pullman service through from the American border to Mexico City and other Mexican cities. Travelling time from central Canada to Mexico City is about four days.

Railway Cars a Problem

A shortage of railway cars has been one of their chief problems. This led to the American Association of Railroads placing an embargo on railway cars moving onto the lines of the National Railways of Mexico. The embargo affects carload shipments. Of interest to Canadian shippers, the term "carload shipments" includes: any shipment moving on a carload rate; any shipment or shipments from one shipper to one consignee

aggregating 20,000 lb. or more, whether moving on L.C.L. or quantity rates; any shipment or shipments from one shipper to one consignee, occupying a car to the exclusion of other freight.

The purpose of the embargo is to enable United States and Canadian railways to limit the number of railway cars proceeding onto the lines of the National Railways of Mexico. In effect, the embargo does not preclude the movement of carload freight to Mexico but rather requires the shipper to first obtain a permit for the movement. Applications for permits should be sent to the Car Services Division, Association of American Railroads, Washington, D.C.

—H. A. HADSKIS

Transportation and Communications Division

How the Mexican Tariff Works

THE Mexican import tariff has a single column of duties which apply equally to imports from all countries. The present tariff rates are compound—that is, they consist of specific rates usually expressed in pesos per kilogram, and of ad valorem rates levied on the Mexican official valuation or on the c.i.f. invoice value, whichever is the higher. In addition to these rates, a general surtax of 3 per cent of the import duties has been levied on all freight shipments since 1931, and a surtax of 10 per cent of the duty is collected on all parcel post shipments.

Since 1948, the official valuation (“precio oficial” in Spanish) has been a special feature of the ad valorem duties in Mexico. These official valuations were based on the average unitary price of each commodity as estimated in 1948 and have been increased accordingly as the prices have risen.

The weight for duty, levied on the specific portion of the Mexican tariff, may be either net, legal or gross. Net weight is the actual weight of the goods without cases, containers or packing. Legal weight is considered the weight of the article including that of the ordinary container in which the article is placed inside the outer container which serves as the general packing. Straw, wood chips, waste paper, cross-pieces and lattice work used in packing are not to be included in the legal weight.

The United States Reciprocal Trade Agreement with Mexico of 1942 contained tariff concessions by Mexico on many agricultural and industrial products amounting to some 203 items altogether. Canada and all other countries were able to enjoy the benefits of these reduced or bound rates of duty because of the single column structure of the Mexican tariff. However, Mexico terminated the United States-Mexican Trade Agreement on December 31, 1951. The result was that almost all the items formerly included in it were subjected to greatly increased rates of duty.

Detailed information on Mexican import rates of duty for any product, as well as the official valuations for the specified product, may be obtained from the Foreign Tariffs Division, Department of Trade and Commerce.

—A. M. BALDWIN

International Trade Relations Branch

A Word to the Exporter

● *Credit Terms Essential*

Mexico is a hard currency country without exchange control and this fact alone makes it a sought-after and competitive market.

Practically all business in Mexico is done on credit and generous credit terms are frequently more attractive than a competitive cash price. Importers with good credit standing will not put up letters of credit if it can be avoided, and it is almost impossible to transact business on irrevocable letter of credit terms. Some companies of first-class standing—and there are many of them—do practically all their business on open account and to suggest a letter of credit or cash with the order would be considered an insult.

● *Sight Draft Used*

A good deal of import business is done on thirty days sight draft terms. It is really about as safe to sell on this basis as cash against documents because, according to the Mexican Civil Code, the seller assumes the responsibility for any transaction. This makes a signed order worthless. If a client feels at the last minute like not taking up his documents, it is up to the seller to dispose of the goods elsewhere or have them returned. If a 30-day sight draft is presented to the customer through a bank, he invariably accepts it and is grateful for 30-day terms. Should he fail to pay after the 30 days, the factory or agent has a legal document with which to proceed.

● *Tax on Invoices*

There is a 3 per cent federal tax on all invoices issued in Mexico City, D.F. Drop shipments (direct from factory to customer) and direct billing therefore enable the distributor to quote a lower price because these invoices are not taxable. This is very important in sales involving larger amounts of money.

● *Investment Opportunities*

The protective policy of the Government makes normal import business increasingly difficult to develop and many well established importing firms long for the good old days. However, the tariff wall provides many opportunities for local investment and participation in Mexican industry. This should not be lost sight of when Canadian firms with capital to invest are turning their attention to trade below the Rio Grande.

● *Railway Bill of Lading*

Most rail shipments from Canada come through the United States in bond and the railway bill of lading should cease at the border point of entry. For full protection, the document should be drawn up in such a manner that the merchandise is either paid for or the draft accepted by the consignee before the goods enter Mexico.

● *Choosing an Agent*

A reputable and well connected agent is of the utmost importance in doing business with Mexico successfully. Any Canadian firm contemplating entering the Mexican market should therefore proceed with the greatest care in the appointment of a representative. The Commercial Section of the Canadian Embassy maintains a confidential file of suitable agents and is glad to make recommendations. The agent, once appointed, should be well supported and his suggestions for doing business taken seriously.

● *Documentation Note*

The agent can advise on, and assist with, the registration of tinned foodstuffs and pharmaceutical products, etc., on which the Mexican requirements are exacting. Full information on documentation required for Mexico may be obtained from the Department of Trade and Commerce, Ottawa, or from the nearest Mexican Consular office.

For More Information . . .

WRITE your representative in Mexico—

M. T. Stewart, Commercial Secretary, Canadian
Embassy, Apartado 126-Bis, Mexico, D.F.

ASK the International Trade Relations Branch, Dept. of
Trade and Commerce, Ottawa, for their pamphlet
with detailed information on shipping documents
and Mexican customs regulations.

REFER to these 1952 issues of *Foreign Trade*—

March 8 and 15; April 5, 12 and 19; August 2;
September 20 and 27.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0152.

Country	Unit	Type of Exchange	Canadian dollar equiv. Nov. 13	Notes (See below)
Argentina	Peso	Preferential buying	.1313	
		Basic buying	.1970	(1)
		Preferential selling	.1970	
		Basic selling	.1313	
		Free	.0709	
Austria	Schilling .....	.....	.0461	
Australia	Pound .....	.....	2.2065	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	.0197	
Bolivia	Boliviano	Official	.0164	tax 5% (1)
		Differential	.0098	tax 3% (2)
British West Indies (except Jamaica)	Dollar .....	.....	.5746	
Brazil	Cruzeiro .....	.....	.0532	tax 8% (2)
Burma	Kyat .....	.....	.2069	
Ceylon	Rupee .....	.....	.2069	
Chile	Peso	Official	.0317	(1)
		Commercial	.0164	
		Free	.00794	
Colombia	Peso	Basic	.3940	tax 3% (2)
		Coffee Buying	.4275	
Costa Rica	Colon	Official	.1758	(3)
		Free	.1443	*Sept. 30
Cuba	Peso .....	.....	.9850	tax 2%
Czechoslovakia ...	Koruna .....	.....	.0197	
Denmark	Krone .....	.....	.1426	
Dominican Republic	Peso .....	.....	.9850	
Ecuador	Sucre	Official	.06566	(4)
		Free	.05661	
Egypt	Pound .....	.....	2.8285	
Fiji	Pound .....	.....	2.4848	
Finland	Markka .....	.....	.00428	
France	Franc .....	.....	.00282	
French Africa	Franc .....	.....	.00563	
French Pacific ...	Franc .....	.....	.01549	
Germany	D Mark .....	.....	.2345	
Greece	Drachma .....	.....	.000066	
Guatemala	Quetzal .....	.....	.9850	
Haiti	Gourde .....	.....	.1970	
Honduras	Lempira .....	.....	.4925	
Hong Kong	Dollar	Free	.1515	*Sept. 29
Iceland	Krona	Official	.0605	
		Special buying	.0465	
		Special selling	.03779	
India	Rupee .....	.....	.2069	
Indonesia	Rupiah	Basic	.0864	(5)
		With Surcharge I	.0432	
		With Surcharge II	.0288	
		Dollar certificate	.00182	*Oct. 15

* Latest available quotation date.

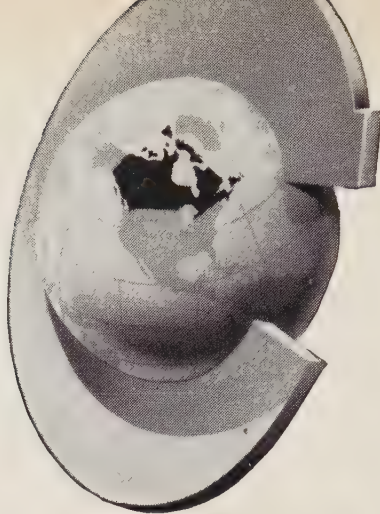
Country	Unit	Type of Exchange	Canadian dollar Equiv. Nov. 13	Notes (See below)
Iran	Rial	Certificate I	·01193	*Sept. 26
Iraq	Dinar	Certificate II	·01186	*Sept. 26
Ireland	Pound		2·7581	
Israel	Pound		2·7581	
		Basic	2·7580	
		Special	1·3790	
		Investment	·9850	
Italy	Lira		·00158	
Jamaica	Pound		2·7581	
Japan	Yen		·00274	
Lebanon	Pound	Free	·2761	*
Luxembourg (See Belgium)				
Mexico	Peso		·1139	
Netherlands	Guilder		·2592	
Netherlands Antilles	Guilder			
New Zealand	Pound		·5223	
Nicaragua	Cordoba		2·7581	
		Effective buying	·1492	(6)
		Official selling	·1397	
		With Surcharge I	·1224	
		With Surcharge II	·0980	
Norway	Krone		·1379	
Pakistan	Rupee		·2977	
Panama	Balboa		·9850	
Paraguay	Guarani	Basic	·06566	(1)
		With Surcharge I	·04690	(7)
		With Surcharge II	·03283	
Peru	Sol		·0637	
Philippines	Peso		·4925	tax 17% (2)
Portugal	Escudo		·0343	
El Salvador	Colon		·3940	
Singapore & Malaya	Straits dollar		·3218	
South Africa (Union of)	Pound		2·7581	
Spain & Dependencies	Peseta	Basic buying	·04498	
		Basic selling	·08779	(1)
		Free	·02484	
Sweden	Krona		·1904	
Switzerland	Franc		·2298	
Syria	Pound		·2707	*Sept. 30
Thailand	Baht	Official	·0788	(1)
		Free	·0551	*Sept. 30
Turkey	Lira		·3518	
United Kingdom	Pound		2·7581	
United States	Dollar		·9850	
Uruguay	Peso	Official	·6485	
		Basic buying	·5534	
		Special buying	·4191	(1)
		Basic selling	·5184	
		Special selling	·4020	
Venezuela	Bolivar		·2940	(8)
Yugoslavia	Dinar		·00328	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.



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foreign trade

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OTTAWA, NOVEMBER 29, 1952

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... Blast furnace
of the large Belgian
plants. More efficient
has helped to reduce
number of blast furnaces
operation, yet increase
production. For a story on the
steel industry of
Luxembourg, and its
trade with Canada,
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The Belgian Steel Industry

Canada carries on a two-way trade with Belgium in iron and steel and its products; has a direct interest in the progress of this industry.

BRUSSELS—The Belgian economy depends so greatly on foreign trade largely because the country lacks raw materials for its industries. The metallurgical industry, for instance, must obtain most of its iron ores from France. The textile industry too must draw on foreign sources for its raw materials.

The United States exports some four to five per cent of its production; Belgium must export 33½ per cent. This means that, like Canada, Belgium must find markets for its products.

Thanks mainly to substantial coal deposits—and a coal production ranging from 27 to 30 million tons a year—the Belgian iron and steel industry has continued to develop in spite of the fact that it now imports most of its ores. In fact, it is one of the leaders in Belgium's foreign trade.

Technically, no startling new process has been developed since before the First War. However, more efficient operation has reduced the number of blast furnaces yet increased production. This, and the recovery of by-products, has helped Belgium maintain its place in the international market for metallurgical products. Before the war she was the fifth producer of iron and steel products (surpassing Japan) and she still retains this place.

Raw Materials

In 1951, Belgium imported 8·8 million tons of iron ore as against 6·3 million in 1950. This illustrates how the Korean war stimulated the iron and steel industry.

Coal, produced locally at higher cost than in neighbouring countries, plus ore (which must be imported) and labour costs (higher than in the Netherlands or Germany) condition the prices of the Belgo-Luxembourg metallurgical industry.

Apart from iron ore, Belgium has to import substantial quantities of coke and scrap, as the following figures indicate:

Imports of Ores, Coke and Scrap

Period	Ores	Coke	Scrap
1950: January-June	2,608	1,450	191
June-December	3,020	1,657	171
1951: January-June	3,808	2,275	131
June-December	4,019	2,371	120
1952: January-June	4,108	2,379	95

(Increased use of coke means less use of scrap—which has become increasingly scarce—and greater use of ores.)

France and Luxembourg supply over 80 per cent of the ores Belgium uses. Sweden supplied 15 per cent of Belgian needs in 1951, largely in high-grade ores with 63 per cent iron content.

The following table of monthly averages shows how the output of iron and steel and its products has steadily increased:

Belgian Metallurgical Production
(monthly averages)

Period	Pig Iron		Steel		Metallurgical Products	
	1,000 tons	Index	1,000 tons	Index	1,000 tons	Index
1936-38	261	...	253	...	...	...
1948	329	...	320	...	...	...
1949	312	120	315	125	138	125
1950	307	118	305	121	131	118
1951	404	155	417	165	156	141
1952						
1st quarter	429	165	445	177	150	137
2nd quarter	400	...	412	...	144	...

(Note: Index—1936-38=100.)

In 1951 Belgium produced a total of 4·8 million tons of pig iron, compared with 3·7 million in 1950, and just over 5 million tons of steel, compared with 3·7 million in 1950. This makes her one of the world's major steel producers.

The capacity of the 50 blast furnaces in operation in 1951 (35 in June 1950) totalled 14,280 tons a day. Production reached near capacity, especially towards the end of the year. This permitted a 15 per cent increase in deliveries in 1951 over 1950 in the home market and of 30 per cent over 1950 for export.

Exports and Imports

Most of the pig iron produced is absorbed by Belgium's steel mills, and the rolling mills take the majority of steel for conversion into rolling mill products. Roughly 69 per cent of the latter are exported and in 1951 BLEU (the Belgo-Luxembourg Economic Union) sold some 4·5 million tons abroad. Exports of iron and steel products from Belgium amounted to \$314 million (Canadian dollars) in 1950. This jumped to \$734 million in 1951 and for the first six months of 1952 reached \$436 million, bidding fair to surpass the \$800 million mark this year.

The main products making up this impressive total were merchant steel and sections, bars, sheets and plates, billets, blooms, wire, rods, rails, sleepers, footplates, etc.

Trade with Canada

Canada buys rather substantial quantities of Belgian iron and steel products. In fact, they represented about two-thirds of the total import trade with Belgium in the first six months of 1952. (Note, however, the discrepancies between Belgian and Canadian figures on this trade.)

Canadian Imports from BLEU

	1950	1951	(1st 6 months) 1952
Iron and steel			
Canadian statistics	\$ 6,398,832	\$21,482,524	\$12,572,212
Belgian statistics	5,625,820	19,342,920	9,653,760
Total Imports			
Canadian statistics	22,794,903	39,095,024	18,019,756

(Trade figures include Luxembourg.)

The following table, (Canadian statistics) gives the principal types of iron and steel products imported into Canada from BLEU over the last three years.

Canadian imports of iron and its products from BLEU

Product	(Value in Canadian \$1,000)		(1st 6 months)
	1950	1951	1952
Total	6,399	21,482	12,572
Angles, beams, n.o.p.	579	3,566	4,265
Angles, beams, 35 lbs. or over	848	4,394	2,628
Sheets, 5c per lb. or over	269	3,493	1,433
Skelp, 14 ins. or less, for pipe	1,889	1,709	1,126
Bars, billets, hot-rolled, 4 cwts. and over	22	2,723	1,782
Casing, gas water or oil well	25	1,062	....
Sheets, 080 in. or less, n.o.p.	71	964	3
Rods, not over 375 in., for wire	132	359	262
Sheets over 080 in. thick, n.o.p....	515	178	....
Shapes, 35 lbs. per yard or over..	41	438	169
Bars, billets, hot rolled n.o.p.....	364	187	....
Guns not made in Canada	238	146	3

By contrast, does Belgium provide a market for Canadian iron and steel products?

The following table shows the total trade between Belgium and Canada, (Canadian statistics), and the trade in iron and its products. It should be noted that, though iron and steel and its products constitute the principal category of imports, (more than 50 per cent in 1951 and 70 per cent in the first six months of 1952) grain and foodstuffs still constitute the greatest portion. Canada exported to Belgium in 1950 \$1,461,704 worth of iron and its products. At the same time, \$9,173,302 worth of non-ferrous metals were shipped for use by Belgian industry.

Canada's Trade with BLEU

	(Value in Canadian \$1,000)		(1st 6 months)
	1950	1951	1952
Total Canadian imports	22,795	39,095	18,020
Canadian imports of iron and its products	6,399	21,482	12,572
Total Canadian exports	66,350	94,457	40,809
Canadian exports of iron and its products	1,462	4,769	7,027

Apart from autos, freight and passenger, and parts, and agricultural and other machinery (not electric)—which constitute the major portion of Canadian exports under the iron and its products category—Canada sells the following products to Belgium: special steels (the major portion); iron and steel bars; sheet iron and steel, etc., to the extent of \$600 thousand in 1950, \$750 thousand in 1951, and \$790 thousand for the first six months of 1952. These figures check with Belgian statistics.

Belgium is one of the world's main producers of non-ferrous metals. At one time she was the world's principal zinc producer, (270 thousand tons in 1951). Rich ore deposits in the Belgian Congo yield copper (in 1951 some 150 thousand tons), and lead (75 thousand tons). Because Belgium is a small consumer of these metals, most of the production is exported. Apart from copper, zinc and lead, exports include tin (10 thousand tons), cobalt (1,800 tons), aluminum (1,900 tons), antimony (2,250 tons), cadmium (800 tons), and silver (260 tons). Large quantities of ores are nevertheless imported from other sources to supplement those from the Congo.

—THEO. J. MONTY
Commercial Secretary for Canada



Chester H. Payne

1884-1952

LAST Saturday the Department of Trade and Commerce received word of the death of a man who had made a unique and substantial contribution to the evolution and growth of what is today the Foreign Trade Service. Chester H. Payne, for twelve years the Director of the Commercial Intelligence Service, for eight years secretary of the Department, and Deputy Minister of National War Services from 1943 until he retired in 1948, died in Ottawa on November 22 after a brief illness.

Mr. Payne first came to the Department in 1908 as a young man of 24, with a McGill degree and brief but valuable experience as a member of the Parliamentary Press Gallery. Appointed private secretary to the Rt. Hon. Sir Richard Cartwright, then Minister of Trade and Commerce, he found himself assuming varied tasks. In addition to his secretarial duties he edited the weekly *Commercial Intelligence Journal*, and he assisted the Deputy Minister in corresponding with and directing the work of the small corps of Trade Commissioners. He thus developed an attachment to the Trade Commissioner Service that grew stronger as the years went by.

Broadening His Experience

When Sir George Foster took over as Minister in 1911, he retained Mr. Payne as his private secretary. In the next few years, the young man had many opportunities of broadening his experience. He accompanied Sir George to the Allied Economic Conference in Paris in 1916 and to the Peace Conference there in 1919. In fact, during the war years his chief regarded him as "indispensable in his civil capacity". Thus, although

he had for years been active in the Governor General's Foot Guards, he was not permitted to join the C.E.F. overseas until early in 1918. In 1920, he acted as secretary to the Canadian delegation to the first League of Nations Assembly in Geneva.

Made secretary of the Commercial Intelligence Service in 1921, Mr. Payne at once took over much of the administrative work. In addition, he continued to supervise the publication of the *Journal* and became responsible for dealing with all trade inquiries and for the "publication of all special pamphlets and reports". He also was made secretary of the Canada-West Indies Conferences of 1920 and 1925—and thus became familiar with trade problems in still another area.

Rounding Out a Career

The next promotion came in 1927—Director of the Commercial Intelligence Service, at a time when it was expanding rapidly. From 1932 until 1940, he transferred to the position of secretary of the Department but he returned shortly after war broke out to the Director's chair.

To round out a distinguished career as a civil servant, in 1943 he was called to act as Deputy Minister of the new Department of National War Services. (During this time, he was made a member of the Imperial Service Order, an honour which he valued highly.) He remained in that post until 1948, when the work of the Department was completed. Then, with forty years of service behind him, he retired to private life.

The Man Himself

Chester Payne's outstanding characteristic was his never-failing interest in people. Many of the Trade Commissioners remember gratefully his advice in times of difficulty, his help with their problems, and his satisfaction in their progress. Retirement did not dim this interest. He often called at the offices to chat with his former colleagues and to meet newcomers to the Service which he did so much to build up, and in which he took such an intense pride.

In his youth, one of his favourite recreations was rowing and he became a life member of the Ottawa Rowing Club. In 1911 he was coxswain of the Ottawa rowing crew that competed at Henley and which won the first heat but was defeated in the second. A year earlier this same crew had won the National Rowing Association championship at the Washington, D.C., regatta. Mr. Payne also enjoyed curling with his friends on the Rideau Curling Club rinks and his hours on the Royal Ottawa golf course.

He is survived by his wife, Rita Josephine, to whom the Department extends its most sincere sympathy.

Canada

Agricultural Machinery for the U.S.

Canadian-made combines, tractors, ploughs, etc., are selling well in the United States—a market once considered difficult to capture.

WASHINGTON—Canadian manufacturers of farm machinery and equipment are demonstrating that they can compete successfully for sales in the United States. This points the way to a potential expansion of exports in a category (machinery) and in a market once considered beyond the reach of Canadian industry.

In 1951, Canada's exports of agricultural equipment and machinery to the United States reached the impressive total of some \$83·5 million, compared with about \$23·5 million in 1947 and only \$2·5 million in 1940. To illustrate the relative importance of this trade, in 1951 only two countries other than the United States—the United Kingdom and Belgium-Luxembourg—bought goods from Canada, of all types, exceeding in value our sales to the U.S. of agricultural machinery and equipment alone. In 1940, exports to 20 countries exceeded such sales to the U.S.

Sales Rise

This rapid growth in exports of agricultural machinery and equipment considerably outpaces the increase in expenditures on farm implements and machinery in the United States over the same period. Thus in 1940 the dollar value of Canadian exports amounted to only 4/10th of one per cent of the total U.S. expenditures in this category. By 1947 this had risen to 1·25 per cent, and in 1951 to 2·63 per cent.**

The table below gives some indication of the development of the U.S. demand for agricultural machinery and equipment.

Principal machines on U.S. farms and expenditures on farm equipment and machinery (machines on farms, Jan. 1st)

	1930	1940	1947	1951	1952
			(thousands)		
Tractors	920	1,545	2,735	3,940	4,170
Trucks	900	1,047	1,700	2,310	2,410
Grain combines	61	225	465	810	887
Field corn pickers	50	120	236	522	588
*Expenditures on farm equipment (\$million) .....	....	701	2,181	3,484	....

* Does not include expenditures on automobiles.
** No allowance made for effect of exchange rates.

What types of machines are most in demand today? A glance at the next table shows that reaper-threshers (combines) headed the list in 1951, with a value of \$35 million. Drills and sowers came second (\$11·5 million) and farm tractors came third, to a value of almost \$7·5 million. In 1947, official Canadian export statistics showed no sales of farm tractors to the U.S. and only \$7 million worth of combines.

Exports Canadian Farm Machinery to U.S.—1951

(DBS figures)

	Can. dollars
Reaper threshers (combines)	35,234,177
Drills and sowers	11,498,174
Tractors, farm	7,412,789
Parts of farm implements n.o.p.	5,596,453
Ploughs, disc and parts	5,102,844
Ploughs and parts n.o.p.	3,809,917
Farm implements n.o.p.	2,594,790
Cultivators	2,228,699
Harvesters and binders	2,177,693
Farm implement attachments	1,789,623
Milking machines and parts	1,426,405
Mowing machines and reapers	1,421,370
Hay rakes	1,364,277
Harrows, disc and parts	1,089,639
Threshing machine separators	269,246
Harrows and parts n.o.p.	218,906
Planters	9,496

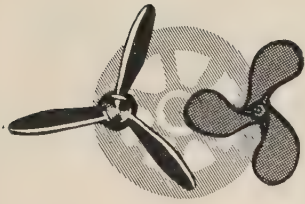
Future prospects in this market seem very bright. Although the numbers of farms and of farm workers in the United States are declining steadily, numbers of the principal farm machines and the amounts spent each year on agricultural machinery and equipment are going up. The very large increases of the postwar years may not continue indefinitely, especially in things like tractors, which may be approaching the saturation point. On the other hand, continued demand seems assured for slightly more specialized machines, such as grain combines, and for new machines recently developed or being developed. If the Canadian manufacturers can continue to win an increasing share of this growing market, it will not only improve the structure and balance of Canada's international payments, but also enhance her reputation as an industrial nation.

—W. F. HILLHOUSE

Assistant Agricultural Secretary for Canada

VISIT TO CALCUTTA

Richard Grew, Commercial Counsellor for Canada in New Delhi, will visit Calcutta for one week, beginning December 14. Businessmen with interests in this city should write Mr. Grew at New Delhi as soon as possible.



TRANSPORTATION NOTES

AUSTRALIA

Aorangi Ends Service—The 17,941 ton liner *Aorangi* will end her service between Vancouver and Sydney when she completes her voyage to Sydney on May 25, 1953. This service has been subsidized by the Canadian, Australian and New Zealand Governments but the ship is now too old to continue it—Sydney, October 18.

BELGIUM

New Air Freight Service—A weekly air service, for cargo only, between Brussels and Johannesburg via Leopoldville began on October 31. A similar service between Leopoldville and Stanleyville was inaugurated on November 2. For passenger traffic, eight services a week connect Belgium with the Congo; five of these fly to Leopoldville and three to Stanleyville—Brussels, November 5.

BRAZIL

Foreign Shipping—The permission granted to foreign shipping firms to transport general foodstuffs between Brazilian ports has been extended to December 31, 1952—Rio de Janeiro, November 3.

Freight Surtax Suspended—The River Plate and Brazil conferences in New York have decided to cancel, suspend or reduce the surtax on three Brazilian ports. The surtax of 10 per cent on Recife-bound freight, temporarily suspended in October last year, has been cancelled, and the 15 per cent surtax on goods shipped to Santos suspended. The 25 per cent surtax on the port of Rio de Janeiro was reduced to 15 per cent, but the 25 per cent tax on freight rates to Porto Alegre remains in effect.

The United Kingdom-Brazil conference lines have also decided to suspend the surtax of 15 per cent on Santos-bound freight and to reduce the tax on Rio de Janeiro to 15 per cent. Their 15 per cent surtax on goods to Porto Alegre will remain in effect. These changes were made at the request of the Brazilian authorities, who assert that the harbour congestion which necessitated the charges has ended—Rio de Janeiro, October 29.

CHILE

KLM Starts Weekly Service—The Netherland Airlines (KLM) has established a regular weekly service between Amsterdam and Santiago and the first aircraft arrived on November 8. The route is via Northwest Africa, Brazil and Buenos Aires—Santiago, November 10.

IRELAND

Service to U.S.—A new passenger service between Ireland and the United States has recently been started by the Holland-America Line. The Limerick Steamship Co. Ltd. will act as agents. The flagship *Nieuw Amsterdam* recently called at Cobh to inaugurate the new service, and the liners *Maasdam* and *Ryndam* are also scheduled for this route—Dublin, November 12.

PAKISTAN

Diesels Ordered—The Government of Pakistan has ordered 19 broad-gauge diesel electric locomotives from the United States for the North Western Railway.

Nine of the locomotives are for main line passenger services and are being manufactured by the American Locomotive Company, Schenectady, New York. They will probably be delivered by April 1953. The General Electric Company of New York is manufacturing 10 shunting locomotives which they expect to deliver to Pakistan by July 1953—Karachi, October 15.

SINGAPORE

Salvage Begun on Drydock—Continuing the repair of war damage in the port of Singapore, a British salvage firm has begun work in the harbour to raise a huge floating drydock sunk by aerial bombing during the last war with a Japanese cruiser in it. The floating drydock was the largest in the world and was capable of handling ships up to 50 thousand tons. Because of its huge size and the large amount of mud which has accumulated inside it, it will be refloated in two sections.

SOUTH AFRICA

Textiles—During the first five months of the year, imports of textiles, yarns, fibres and apparel amounted to £36 million, or £21 million less than the £57 million imported in the same five months of 1951. The decline, which was not unexpected, proved smaller than was forecast. Almost all the made-up textiles and apparel were affected, but the continuing import of yarns and fibres for domestic processing suggests an increasingly active domestic industry—Cape Town, October 1.

AIRLINE TRAFFIC

New Peaks Reached—World airline traffic reached new peaks during the midsummer months of this year, according to the totals of inter-line transactions for July and August put through the IATA Clearing House at London for settlement. Turnover in the Clearing House for July and August was higher than for any other month in the 5½ years of its operation—and approximately 40 per cent higher than for corresponding months in 1951. IATA attributes the greater part of this record total to increased inter-line passenger traffic, which represents 80 per cent of IATA clearances and the remainder to inter-line cargo and other current revenue transactions.

Australia

Buying for the Future

Canadian exporters of heavy machinery and equipment may be able to supply goods which Australia is purchasing to carry out long-term developments, under a new \$50 million loan.

SYDNEY—Several weeks ago, the International Bank for Reconstruction and Development granted Australia a second loan of \$50 million to enable her to buy specified essential equipment in North America.

Licences for importing goods coming within the scope of the loan are now being issued by Collectors and Sub-Collectors of Customs. These licences must first be authorized by the Central Import Licensing Branch of the Department of Trade and Customs in Sydney. They are issued only for essential equipment, within certain approved categories, not available from the dollar area.

Canadian manufacturers of the specified classes of goods which are required under the International Bank for Reconstruction and Development Loan should renew their contacts in Australia, giving up-to-date information on prices, delivery dates, etc.

In general, the \$50 million will be spent on machines and equipment needed to carry out certain "programs" approved by the International Bank. These programs cover the following:

1. *Agriculture and Land Settlement*

Equipment needed in this category includes wheel-type tractors, crawler tractors, earth-moving equipment, ploughs, cultivating implements, harvesters, pick-up hay balers, side delivery hay rakes, and forage harvesters.

2. *Coal Mining*

Equipment which can be licensed includes earth-moving and excavation equipment for open-cut mines, coal transporting equipment for underground mines; coal cutting and loading equipment, and ancillary equipment for coal washing and gasification.

3. *Iron and Steel*

This category includes components for iron and steel furnaces and rolling mills, locomotives, cranes, instruments and other associated equipment, designs and technical equipment.

4. *Electric Power*

Equipment which may be licensed includes plant, materials and equipment for power plants, sub-stations and distribution systems; tractors and earth-moving equipment for hydro-electric works.

5. *Railways*

Under this heading, licences may be issued for diesel electric locomotives and other rolling stock and component parts; machine tools for railway workshops, rail maintenance machines and similar equipment; equipment for the construction of new tracks.

6. *Road Transport*

The loan provides for licences for industrial tractors, earth-moving equipment, graders, spreaders, heavy road transport vehicles and components for the assembly of heavy road transport vehicles.

7. *Non-Ferrous Metals and Industrial Minerals*

Equipment that may be licensed includes tractors and earth-moving equipment, mining equipment, and plant and equipment for concentrating, smelting and refining of lead, zinc, silver, tin, copper, aluminium, tungsten and other metals.

8. *Industrial Development*

The type of equipment to be licensed under this heading will fit into sub-programs agreed to by the Bank for the development and expansion of the following industries: heavy chemicals, including fertilizers; coal gas; petroleum refining; fabrication of non-ferrous metals; manufacture and assembly of crawler tractors and earth-moving equipment; food processing; engineering; paper and paperboard making; cement.

The Licensing Instruction stresses that the following goods will not be licensed under the loan:

- Replacement parts (other than initial spares).
- Goods which are not being shipped direct to Australia from Canada or the United States.
- Goods for which the Australian importer is not making direct payment to Canada or the United States.
- Goods for re-export.

Making Application

Applications for licences under the Loan are to be made in the usual way to the Import Licensing Branch, accompanied by full details of the equipment and particulars about its intended use. The normal method of payment of freight or insurance will probably be followed, but if the prospective importer knows that freight and/or insurance will be payable in Australia, the licence will be endorsed accordingly.

The Licensing Instruction emphasizes that licences will be authorized only when it is the intention to place a firm order with the overseas supplier without delay. The equipment licensed must be shipped to Australia on or before March 31, 1954.

—C. M. CROFT
Commercial Counsellor for Canada



GENERAL NOTES

SOUTH AFRICA

Import Control to Continue—Tightening of import control during 1953 was forecast by the Prime Minister of South Africa in a speech before the Fifth Annual Congress of the Association of Chambers of Commerce of South Africa. Other speakers stressed that heavy expenditures on re-armament, railway equipment, power equipment, and other capital needs will require an extra amount of exchange which exports cannot entirely provide. Cuts in imports may therefore be necessary if the serious drain on exchange reserves is to be halted—Johannesburg, November 13.

UNITED KINGDOM

October Exports Increase—United Kingdom exports in October were valued at £218·5 million, £32 million more than in September. Although seasonal factors may be partly responsible, the daily rate of exports in October was nearly 10 per cent above the third-quarter level. Exports to the United States rose from an average of £11·4 million in the third quarter to £14·4 million in October, and exports to Canada went up from £11·8 million to £14·2 million—London, November 13.

YUGOSLAVIA

Imports Prohibited—Because of the drought this past summer, a heavy burden has been placed upon the Yugoslav economy. The probable decline in the national income caused by the drought has been unofficially placed between 310 and 440 million dollars. To meet this situation, several measures have been taken to ensure supplies for the population and to relieve the strain on the Yugoslav balance of payments. These measures, intended to stabilize the economy over the next six months, are: prohibition of exports of agricultural products, including wheat, rye, corn, oats and barley and their products, and feeding stuffs of all kinds; encouragement of exports of manufactured articles; prohibition, effective from October 1, 1952, to April 1, 1953, of imports of goods of a non-essential character.

The list of prohibited imports includes some items of interest to Canadian exporters—small trucks, buses, automobiles, agricultural implements, and machinery, petrol lamps, carbide lamps, metal office articles, and portable stoves. Information on prohibited commodities may be obtained from the Foreign Tariffs Division, Department of Trade and Commerce—Rome, October 29.

Finland Discharges a Debt

Unity, industry and self sacrifice made it possible for the Finns to finish paying war reparations to Russia—to a total of U.S. \$300 million—late in September.

STOCKHOLM—September 19, 1952, was a date that the Finns will long remember. On that day, this nation of four million people completed payment of reparations to the Soviet Union. There were no general celebrations, but individual citizens felt quiet satisfaction in an arduous job well done.

When, in 1944, Finland faced the task of producing for Russia as war reparations goods worth US\$300 million, some thought the country would collapse under the burden. After two costly winter wars with Russia, her industry was smashed, her manpower depleted by heavy war casualties, and her traditional customers and friends involved in the Second World War. In addition, there was the problem of resettling 13 per cent of the total population, people evacuated from the Karelian peninsula which was ceded to Russia.

The reparations were calculated on the basis of 1938 world market prices. Thus machinery produced in Finland at 1949 material and labour costs was delivered to Russia as reparations at comparative 1938 prices. Because of this, the reparations may well have cost Finland nearly US\$570 million.

How Problem Was Met

In 1945, reparation deliveries represented 61 per cent of all Finland's exports. In December of that year, Russia agreed to extend the delivery period to September 19, 1952. The next year, Finland's foreign trade began to pick up and she received loans from Sweden and the United States. Though the reparations deliveries were larger than in 1945, they represented only 28 per cent of 1946 total exports. Here again the difference in the price calculation shows up. In 1947, reparations increased even further but they represented only 19 per cent of total exports.

Some relief came in 1948, when Russia agreed to cancel 50 per cent of the total population, people evacuated from the Karelian peninsula deliveries then dropped to 17 per cent of total exports. In 1949, 1950 and 1951 reparations deliveries were respectively 16, 9 and 6 per cent of total exports.

A clause in the original contract fixed a penalty of 5 per cent interest per month for every complete month's delay in scheduled deliveries. Throughout the eight years, a total penalty of \$4.4 million was incurred under this clause. However, for early delivery of certain other items,



—Finnish National Travel Office.

(Above) Bringing in the lumber harvest across one of Finland's frozen lakes. Finland carries on a large trade both with Eastern and Western Europe, and wood and wood products hold a leading place among exports.

Russia deducted \$3.6 million dollars of this amount. Penalties on 1952 deliveries totalling \$185 thousand were waived by the Soviet at the ceremony marking the completion of reparations.

Many of the delays arose from labour trouble, resulting from Finland's terrific inflation. The cost-of-living index at the beginning of 1952 was 1,109, on a base of 1938=100.

Unifying Factor

The load has been heavy, but that is not the whole story. All Finns are proud and independent, whatever their language (it is a bilingual country) or political affiliation. War reparations have helped to unify the country and lessen the relative importance of individual differences. The loss of the farming area of the Karelian peninsula, and the need for finding employment and living space for the half million who chose to remain within the Finnish borders, was a serious problem. Large, economic-sized farms had to be divided and took on a resemblance to the French Canadian farms along the St. Lawrence River. Industrialization was necessary on a scale which, without the artificial market provided by Russian reparations, would have been impossible.

Trade Prospects

Hard on the heels of the conclusion of reparations has come a five-year trade agreement with Russia, covering many of the items figuring formerly as reparations. In the first seven months of 1952, Finland's exports to Russia constituted about 15 per cent of total exports and imports from Russia about 10 per cent of total imports. Chief among Finnish exports to Russia are complete factories which are erected on Russian soil. Chief among her imports from Russia are rye grain, petrol and fertilizer.

Finland enjoys a rather unique position in world commerce by virtue of the large amount of trade she carries on with both the eastern and the western worlds. Her biggest trading partner is the United Kingdom but new markets are opening up in the Soviet Union which, given a stable world, can become very profitable. A brief statistical summary of Finland's trade for the first seven months of 1952 is shown below:

Finnish Foreign Trade

January-July 1952

(in millions of dollars)

Area	Imports	Per cent of	Exports	Per cent of
		total		total
Eastern Europe	85.8	17	69.5	18
Western Europe	345.7	67	242.2	62
America	67.9	13	59.8	15
Remainder	13.7	3	17.9	5
Total	513.1	100	389.4	100

—KENNETH G. RAMSAY

Acting Commercial Secretary for Canada



TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, began a tour of Canada in Vancouver on November 19. His itinerary follows:

Montreal—Dec. 1-6

Ottawa—Dec. 8-11

Businessmen may get in touch with Mr. Bissett through the Board of Trade in Montreal and the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.).

Hong Kong's Footwear Industry

Canvas and rubber footwear made in the Colony is finding a market in the West to offset lagging sales in other areas.

HONG KONG—During the first eight months of 1952, Hong Kong's 26 canvas and rubber footwear factories encountered slack times. Unless there is a substantial improvement in the last quarter, exports will fall far short of the 1951 totals. Sales to Canada, however, increased spectacularly over last year and local manufacturers and exporters are keenly interested in expanding their sales to that market.

The majority of these footwear factories are small; only nine employ more than 150 workers and only four of them have more than 300. The Hong Kong Government reports 3,538 persons employed in the industry during the third quarter of this year, compared with 5,100 during the same period in 1951—further evidence of the loss of sales.

With the exception of the office staffs and plant foremen, who are paid by the month, the daily piecework system is general. An industrious employee can earn up to HK\$7.00* a day, but this is exceptional; the average wage ranges from HK\$3.00 to HK\$5.00. Monthly paid employees earn from HK\$125 to \$300, depending on their position, and, in addition, sometimes receive food and lodging in houses maintained by the factory. These wage rates are considered high in relation to the prewar and immediate postwar period.

Prices and Types

The three larger factories which I visited each has a capacity of up to 30 thousand pairs of footwear a day, but at present none is producing more than 10 thousand pairs. They all turn out a wide range of styles and types of footwear, from heavy wellington boots to the lightest of rubber sandals. Slippers, sandals and sport shoes of canvas with rubber soles are most popular locally but wellington boots, farm boots, canvas oxfords and basketball boots are the types usually exported. The footwear sold here in Hong Kong is not of a high standard; the export product is generally made to the buyer's specifications and this ensures better quality. Typical export prices per pair, adult size, f.o.b. Hong Kong, packed 240 pairs to the wooden case are: wellington boots, HK\$9.70; farm boots, HK\$8.30; canvas oxfords, HK\$3.25; and basketball boots, HK\$6.20.

The Export Picture

In 1951 China was the chief export market, with the United Kingdom a close second. French Indo-China, British Africa, Belgium and the

* One Hong Kong dollar=approx. 15 cents Canadian.

British West Indies were other important outlets. Exports to Canada were small—only 628 dozen pairs of canvas footwear valued at HK\$28,900. The table below lists the chief countries to which the Colony exported during 1951:

Canvas and Rubber Footwear Exports, 1951

Country	HK dollars (000's omitted)		Total
	Rubber footwear	Canvas footwear with rubber soles	
China	7	12,199	12,206
United Kingdom	5,920	6,002	11,922
French Indo-China	165	2,227	2,392
Africa (Br.)	385	445	830
Belgium	191	569	760
West Indies (Br.)	74	542	616
Australia	198	359	557
Macao	2	363	365
Malaya (Br.)	134	125	259
North Borneo (Br.)	12	228	240
Canada	...	29	29
Other countries	331	1,032	1,363
Total	7,419	24,120	31,539

Source: Hong Kong Department of Commerce and Industry.

During the first eight months of 1952, the picture changed considerably. All shipments to China ceased and the United Kingdom absorbed three-quarters of the exports. Belgium was the second most important market. Canada came third, with imports of 6,331 dozen pairs of rubber footwear and 1,173 dozen pairs of canvas footwear with rubber soles, to a total value of HK\$412,295. The chief countries to which the Colony exported up to August 31, 1952, are:

Exports of Canvas and Rubber Footwear January 1-August 31, 1952

Country	HK dollars (000's omitted)		Total
	Rubber footwear	Canvas footwear with rubber soles	
United Kingdom	1,358	6,696	8,054
Belgium	227	757	984
Canada	351	61	412
Africa (Br.)	84	154	238
Macao	36	186	222
Thailand	59	156	215
France	72	95	167
Central America	78	59	137
North Borneo (Br.)	129	...	129
Malaya (Br.)	33	76	109
Burma	85	24	109
Other countries	599	1,028	1,627
Total	3,111	9,292	12,403

Because the United Kingdom and other parts of the British Colonial Empire are the chief outlets for Hong Kong's production, the industry pays close attention to the Empire content of its product to ensure its getting the British preferential tariff. Thus, British Malaya supplies the raw rubber and the United Kingdom the textiles used. Some of the chemicals used in mixing the raw rubber and for gumming are not from Empire countries, but on balance, well over half the content of the finished product is brought within the Empire. The footwear thus qualifies under the British preferential tariff regulations. Exports to Canada, by contrast, face duties under Canada's most favoured nation tariff.

—M. B. BLACKWOOD
Assistant Canadian Government Trade Commissioner



COMMODITY NOTES

BRAZIL

Saws—A factory producing all types of saws has been installed at Jundiai in the State of São Paulo. The plant will use special steel imported from Sweden and the initial output will be 72 thousand units a year, to be increased within a short time. The firm is owned by a local company associated with a Belgian group—São Paulo, October 28.

Cotton—The 1951-52 São Paulo cotton crop classified by September 15 totalled 1,557,417 bales or 295,242,796 kilos. Only 9.53 per cent of this year's crop was classified as type 5 or better, in comparison with 27.03 per cent in 1951—São Paulo, October 28.

CHILE

Copper—The Central Bank reports that, up to October 17, a total of 180 thousand tons of copper has been sold at US\$0.35½ per pound. Eighty per cent of this has been shipped to the United States—Santiago, October 20.

CUBA

Rice—The latest development in Cuba's growing rice industry is the planting, by combined Texan and Cuban interests, in the western province of Pinar del Rio of 10 thousand out of a proposed total of 26 thousand acres. Seed used is the highest-quality Texan variety and a yield of approximately 3,400 pounds to the acre is expected. This is another step towards self-sufficiency in rice, of which the country consumes between 550 and 600 million pounds a year but produces only some 175 million pounds. Canadian manufacturers of agricultural equipment, principally those producing rice combines, should benefit from this development—Havana, November 3.

FINLAND

Furs—There are at present about 2,000 fur farms in Finland. Output in 1951 comprised the following: silver fox, 15,000 skins; platinum fox, 500 skins; blue fox, 10,000; standard mink, 65,000; other mink, 3,000.

Furs exported in 1951 were valued at a million dollars. Principal customers were the United States, the United Kingdom, Switzerland, France, Italy and Sweden—Stockholm, October 25.

GERMANY

Scrap Iron—The German Ministry of Economics has issued the following statement: "The daily newspapers have contained over the past few days reports regarding an increasing export of scrap metal. These reports might create a wrong conception as to the actual future development of scrap exports. The Ministry of Economics wishes to advise, therefore, that as a result of the large export movement of scrap iron in September, the obligations arising from trade agreements have now been largely met, and only small quantities of scrap remain to be exported under these arrangements during the next few months. It is expected that higher imports will be necessary in 1953 to cover the demands of the German steel mills. Pig iron is already being used in large quantities in order to compensate for reduced availabilities of scrap iron."—Bonn, October 31.

NEW ZEALAND

Tires—New Zealand's tire production during the last twelve months has been affected by larger imports. The July output totalled 12 thousand car tires, compared with 32 thousand in July 1951. Output of trucks and bus tires also fell by over 50 per cent in the same period.

Imports of tires totalled 454 thousand in 1948 but dropped to 97 thousand in the following year, when local output expanded. By 1951 imports at 76 thousand were the lowest since 1943, and domestic production totalled 517 thousand. Since then, imports have increased substantially to an annual rate of 192 thousand in the first four months of this year—Wellington, October 23.

SOUTH AFRICA

Shipping Services—Declining freight tonnages on the North American-South African routes have resulted in shipping lines under the United States flag decommissioning vessels of the American reserve fleet. Despite lesser tonnages offering and lower freight rates, the entrance of new Swedish services from the east and west coasts, a new British-Japanese service from the west coast, and a French service from the Gulf of Mexico will increase the seven present competitors to eleven—Cape Town, October 7.

UNITED KINGDOM

Ships—Steamships and motorships under construction in the United Kingdom at the end of September amounted to 343 ships of 2,062,482 tons gross, which is a decrease of 13,759 tons as compared with the previous quarter. The comparatively low figures of tonnage commenced and completed reflect the steel position. Lloyd's Register reports that material now being worked or on stocks total 1,534,025 tons, 211,267 tons less than a year ago.

Of the total tonnage being built in this country, 31.3 per cent is for registration abroad or for sale. Outside the United Kingdom, ships under construction at the end of September totalled 864 vessels of 3,802,391 tons gross, an increase of 264,449 tons as compared with the second quarter of the year—London, October 22.

Report on Jamaica



KINGSTON—A softening in prices, particularly in textile lines and to a lesser degree in hardware, has spurred the merchants on to reduce inventories through special sales. They are selling off higher-priced luxury lines, with the result that what ordinarily would be seasonal Christmas shopping is going on now.

Otherwise, the past few months have witnessed continued activity and rising prices. Rehabilitation grants and loans have largely been exhausted. Food crops have recovered rapidly from the August 1951 hurricane, though the effect on the Island's economy will be felt for some time. Domestic collections continue to be slow but foreign bills are receiving good attention.

The Government, it is said, intends to increase its assistance to the tomato industry by promising to purchase five million pounds at minimum guaranteed prices of 1½d. a pound for processing fruit and 2d. a pound for export.

Under the Oils and Fats Agreement, Jamaica may now purchase copra from Trinidad instead of the more expensive coconut oil previously bought. This, it is hoped, will mean lower retail prices for soap, margarine, etc., made in Jamaica.

Sugar Story

The surplus profits of £300 thousand on Canadian sugar sales, recently returned to Jamaica by the Ministry of Food, has been divided in the proportion of eight-ninths to the Sugar Industry Rehabilitation Fund and one-ninth to the Sugar Industry Labour Welfare Fund. This division has caused considerable discontent among the cane farmers and the trade unions, who are endeavouring to establish a claim to a larger share of the funds.

The 1952 sugar crop was two thousand tons less than the previous one—some 265,872 long tons. After reserves for local consumption, the

exportable surplus was 198,372 tons. The production of rum amounted to 2,786,158 gallons, an increase from 2,148,549 gallons in the previous year. Some four million gallons of molasses also were produced from the last cane crop.

Fruit Crop Good

The banana industry seems to have recovered from the hurricane and exports during September amounted to almost 700 thousand stems. The new pineapple canning factory will go into production shortly and an expert with Hawaiian experience has been engaged to produce a pack acceptable to and competitive in the North American market. During the off season, the factory will can tuna fish.

Harvesting of the citrus crop has begun, with an estimated total production of 650 thousand boxes, an increase of about 69 thousand boxes over last year's output.

Future Plans

FAO is making available to the Caribbean area the services of an agricultural economist to assist in the formulation, development and co-ordination of agricultural projects, to study Caribbean markets and facilities, and to make recommendations for the expansion of sales.

Since the increase in the controlled prices for beef last February, consumer resistance has resulted in a surplus of livestock in farmers' hands. Efforts are being made to find export markets in neighbouring colonies.

Labour conditions have continued generally satisfactory, with little dislocation in industry or agriculture.

Three representatives of the Canadian National Millers Association visited Jamaica in October. They discussed with the trade and interested individuals ways and means to protect the market for Canadian flour, which has caused some concern.

The report that Canadian and British interests are proposing to establish a paint factory in Jamaica has aroused considerable interest.

—M. B. PALMER

Canadian Government Trade Commissioner

WEST INDIES HANDBOOK

The 1952 edition of *The Year Book of the West Indies and Countries of the Caribbean*, published by Thomas Skinner of Canada Limited (price, \$7.50), has just appeared. Of primary interest to businessmen who trade with the West Indies, Central America, Venezuela and Colombia, it contains editorial material and lists of traders provided by the governments of the countries represented. Statistical data and a list of Canadian firms trading in these areas are included.

TRADE AND TARIFF REGULATIONS

BERMUDA

Diabetic Foodstuffs Imports Permitted—The Bermuda Supplies Commission announced on October 30 that consideration will be given to imports from dollar sources of all types of foodstuffs especially made for diabetics.

IRELAND

Import Controls—By five quota orders, issued under the Control of Imports Acts 1934 and 1937, the Government of the Republic of Ireland has announced additional quotas and quota periods as follows:

Certain electric filament lamps (100/250 volts 1/1,500 watts): 50,000 articles, compared with a similar quantity for the previous six months. The above quota extends from December 1, 1952, to May 31, 1953.

Certain woven cotton piece goods: 1,345,000 sq. yd., compared with 1,630,000 sq. yd. for the previous six months.

Certain woven cotton piece goods: 50,000 sq. yd., compared with a similar quantity for the previous six months.

Certain woven cotton piece goods: 800,000 sq. yd., compared with 1,000,000 for the previous six months' quota.

The period fixed in all of the above cases extends from December 1, 1952, to May 31, 1953.

Single yarns of cotton: 750,000 pounds weight, compared with a similar quantity for the previous three months' period. This quota period extends from December 1, 1952, to February 28, 1953—Dublin, November 6.

PAKISTAN

Open General Licence Cancelled—The Office of the High Commissioner for Pakistan, Ottawa, has received cabled advice that Open General Licence No. XIV, dated August 11, 1952, has been cancelled.

This O.G.L. had admitted the following goods from dollar countries, including Canada, without specific licence: tools and workshop equipment; camphor; gas in cylinders; unspecified chemicals; most types of machinery and millwork, and parts and accessories thereof; fluorspar; feldspar; bleaching earths and magnesia compositions.

The effect is that all commercial imports from Canada into Pakistan are now subject to specific licence.

(Details will be published when received—Editor.)

SOUTH AFRICA

Marking of Silver Plated Articles—The Union of South Africa prohibits imports into or manufacture in the Union of goods marked E.P.B.M., whether in capital or small letters and without any form of intervening punctuation marks, unless such goods conform to the minimum standard, according to a government notice effective November 14, 1952.

The minimum standard is that, (a) the article shall be made of the alloy known as Britannia metal containing not less than 87 per cent tin and not more than 2 per cent lead, and (b) the article shall be covered by chemical or electrolytic means with a deposit of silver—Johannesburg, November 17.

Imports of Hay and Straw Packing—The Union of South Africa is strictly enforcing the provision of Government Notice No. 284, dated March 3, 1939. This notice requires that hay or straw imported into the Union as packing material must be accompanied by an official certificate from the country of origin, or must remain in a bonded warehouse at port of entry for four months.

Canadian exporters who use hay or straw as packing material for goods shipped to the Union of South Africa, should take these regulations into consideration to avoid delays in delivery.

SWITZERLAND

Antibiotics Subject to Import Permits—Imports into Switzerland of all antibiotics, whether in the raw state or in any pharmaceutical form, have been made subject to import permits effective October 31, 1952, by virtue of a Federal Order published on November 4. Granting of such permits may be subject to the condition that the importer pledges himself to maintain a permanent reserve of antibiotics. Thus, it appears the measure is intended to assure a supply of these products in Switzerland rather than to restrict imports.

The present order replaces one which came into force on June 1, 1951, and required import permits for a few specified antibiotics, including penicillin and streptomycin. Therefore, it merely enlarges the list by making the restriction applicable to all antibiotics. It also revises the procedure regarding the maintenance of reserves of these products by Swiss importers—Berne, November 7.

UNITED STATES

Tariff Classification for Dowels and Rounds—The following ruling by the United States Bureau of Customs appears in the Federal Register of November 4, 1952:

"The Bureau by its letter to the collector of customs at New York, dated October 27, 1952, ruled that dowels, rough dowels, and rough rounds are properly classifiable as wood, unmanufactured, not specially provided for, under paragraph 405, Tariff Act of 1930.

"This decision will be effective as to such or similar merchandise entered for consumption or withdrawn from warehouse for consumption after the expiration of 90 days after the date of publication of an abstract thereof in a forthcoming issue of the weekly Treasury Decisions."

(Note: The item of "wood, unmanufactured, not specially provided for" under tariff paragraph 405 carries a rate of 10 per cent *ad valorem*.)

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies Australia (Victoria, South Australia, Western Australia, Tasmania)	C. M. Croft, Commercial Counsellor for Canada R. W. Blake, Commercial Secretary for Canada and Agricultural Secretary	City Mutual Life Building, 60 Hunter Street, SYDNEY 83 William Street, MELBOURNE	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLDVILLE	<i>Mail:</i> Boîte Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	T. J. Monty, Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
Brazil Brazil	C. R. Gallow, Commercial Secretary C. J. Van Tighem, Consul of Canada and Trade Commissioner	Canadian Embassy, Edificio Metropole, Av. Presidente Wilson 165, RIO DE JANEIRO Canadian Consulate, Edificio Alois, Rua 7 de Abril 252, SAO PAULO	<i>Mail:</i> Caixa Postal 2164 <i>Cable:</i> CANADIAN <i>Tel.:</i> 42-4140 <i>Mail:</i> Caixa Postal 6034 <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-6301
Ceylon	Paul Sykes, Canadian Government Trade Commissioner	Galle Face Hotel, COLOMBO	<i>Mail:</i> P.O. Box 1006 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5876
Chile	M. R. M. Dale, Commercial Secretary	Canadian Embassy, Bank of London and South America Building, SANTIAGO	<i>Mail:</i> Casilla 771 <i>Cable:</i> CANADIAN <i>Tel.:</i> 64189
Colombia Ecuador	W. J. Millyard, Canadian Government Trade Commissioner	Calle 19, No. 6-39, BOGOTA	<i>Mail:</i> Apartado 1618 <i>Airmail:</i> Apartado Aero 3562 <i>Cable:</i> CANADIAN <i>Tel.:</i> 12-251
Cuba	A. W. Evans, Commercial Secretary	Canadian Embassy, †Edificio Ambar-Motor, 16 Avenida de Menocal, HAVANA Edificio Copello 410, Calle El Conde, CIUDAD TRUJILLO	<i>Mail:</i> Apartado 1945 <i>Cable:</i> CANADIAN <i>Tel.:</i> U0-9457
Dominican Republic Haiti, Puerto Rico	R. E. Gravel, Canadian Government Trade Commissioner		<i>Mail:</i> Apartado 451 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5318
Egypt Aden, Sudan, Cyprus, Ethiopia, Hashemite Kingdom of the Jordan, Saudi Arabia	Acting Canadian Government Trade Commissioner	Osiris Building, Sharia Walda, Kasr-el-Doubara, CAIRO	<i>Mail:</i> P.O. Box 1770 <i>Cable:</i> CANADIAN <i>Tel.:</i> 23110
France Algeria, French Morocco, French West Africa, Tunisia	J. P. Manion, Commercial Counsellor for Canada	3 rue Scribe, PARIS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> OPEra 42-30
Germany Federal Republic	B. A. Macdonald, Commercial Counsellor	Canadian Embassy, 22 Zitelmannstrasse, BONN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Bonn 38927
Germany	Wm. Van Vliet, Agricultural Secretary		

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Greece Israel, Turkey	H. W. Richardson, Commercial Secretary	Canadian Embassy, 31 Vassilissis Sophias Ave., ATHENS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 72-853
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	J. C. Depocas, Canadian Government Trade Commissioner	28, 5a Avenida Sud, GUATEMALA CITY	<i>Mail:</i> P.O. Box 400 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5590
Hong Kong China, Indo-China, Macao, Taiwan	T. R. G. Fletcher, Canadian Government Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg., HONG KONG	<i>Mail:</i> P.O. Box 126 <i>Cable:</i> CANADIAN <i>Tel.:</i> 28336
India	Richard Grew, Commercial Counsellor	Office of the High Commissioner for Canada, 4 Aurangzeb Road, NEW DELHI	<i>Mail:</i> P.O. Box 11 <i>Cable:</i> CANADIAN <i>Tel.:</i> 40191
India Burma	B. I. Rankin, Commercial Secretary for Canada	Gresham Assurance House, Mint Road, BOMBAY	<i>Mail:</i> P.O. Box 886 <i>Cable:</i> CANADIAN <i>Tel.:</i> 20672
Ireland	†T. G. Major, Commercial Secretary for Canada	66 Upper O'Connell St., DUBLIN	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 44251
Italy Libya, Malta, Yugoslavia Italy	S. G. MacDonald, Commercial Counsellor C. F. Wilson, Agricultural Counsellor	Canadian Embassy, Via Saverio Mercadante 15, ROME	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 80-842
Italy	M. S. Strong, Commercial Secretary (Fisheries)		
Jamaica Bahamas, British Honduras Jamaica	M. B. Palmer, Canadian Government Trade Commissioner E. M. Gosse, Canadian Trade Commissioner (Fisheries)	Canadian Bank of Commerce Chambers, KINGSTON	<i>Mail:</i> P.O. Box 225 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2858
Japan Korea	J. C. Britton, Commercial Secretary	Canadian Embassy TOKYO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 48-4116
Lebanon Iraq, Syria	G. F. G. Hughes, Canadian Government Trade Commissioner	BEIRUT	<i>Mail:</i> Boite Postale 2300
Mexico	M. T. Stewart, Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D.F.	<i>Mail:</i> Apartado 126-Bis <i>Cable:</i> CANADIAN <i>Tel.:</i> 36-27-90
Netherlands	J. A. Langley, Commercial Counsellor	Canadian Embassy, Sophialaan 1-A, THE HAGUE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 18-51-06
Netherlands Belgium, Denmark, Luxembourg	Acting Agricultural Secretary		
New Zealand Fiji, Western Samoa	†L. S. Glass Commercial Secretary,	Office of the High Commissioner for Canada, Government Life Insurance Bldg., WELLINGTON	<i>Mail:</i> P.O. Box 1660 <i>Cable:</i> CANADIAN <i>Tel.:</i> 70-644
Norway Denmark, Greenland	J. L. Mutter, Commercial Secretary	Canadian Legation, Fridtjof Nansens Plass 5, OSLO	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-30-80
Pakistan Afghanistan, Iran	A. P. Bissonnet, Commercial Secretary	Office of the High Commissioner for Canada, Hotel Metropole, Victoria Rd., KARACHI	<i>Mail:</i> P.O. Box 531 <i>Cable:</i> CANADIAN <i>Tel.:</i> 5826

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Peru Bolivia	H. J. Horne, Acting Commercial Secretary	Canadian Embassy, Edificio Boza, Carabaya 831, Plaza San Martin, LIMA	<i>Mail:</i> Casilla 1212 <i>Cable:</i> CANADIAN <i>†Tel.:</i> 71950
Philippines	F. H. Palmer, Consul General of Canada and Trade Commissioner	Tuason Building, 8-12 Escolta, MANILA	<i>Mail:</i> P.O. Box 1825 <i>Cable:</i> CANADIAN <i>Tel.:</i> 3-33-35
Portugal Azores, Madeira	L. M. Cosgrave, Commercial Counsellor	Canadian Legation, Avenida de Praia da Vitoria, 48—1°D., LISBON	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 53117
Singapore Brunei, Federation of Malaya, Indonesia, North Borneo, Sarawak, Thailand	D. S. Armstrong, Canadian Government Trade Commissioner	Room D-5, Union Building, SINGAPORE	<i>Mail:</i> P.O. Box 845 <i>Cable:</i> CANADIAN <i>Tel.:</i> 7739
South Africa (Natal, Transvaal) Southern Rhodesia, Northern Rhodesia, Nyasaland, Mozambique, Kenya, Tanganyika, Uganda, Zanzibar	C. B. Birkett, Canadian Government Trade Commissioner	Mutual Building, Harrison Street, JOHANNESBURG	<i>Mail:</i> P.O. Box 715 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 33-2623
South Africa (Cape Province, Orange Free State), Southwest Africa, Mauritius, Madagascar	K. F. Noble, Canadian Government Trade Commissioner	Grand Parade Centre Bldg., Adderley Street, CAPE TOWN	<i>Mail:</i> P.O. Box 683 <i>Cable:</i> CANTRACOM <i>Tel.:</i> 2-5134/5
Spain Balearic Islands, Canary Islands, Gibraltar, Rio de Oro, Spanish Morocco, Tangier	E. H. Maguire, Canadian Government Trade Commissioner	70 Avenida Jose Antonio, MADRID	<i>Mail:</i> Apartado 117 <i>Cable:</i> CANADIAN <i>Tel.:</i> 21-41-13
Sweden Finland	Acting Commercial Secretary	Canadian Legation, Strandvagen, 7-C, STOCKHOLM	<i>Mail:</i> P.O. Box 14042 <i>Cable:</i> CANADIAN <i>Tel.:</i> 67-92-15
Switzerland Austria, Czechoslovakia, Hungary	Yves Lamontagne, Commercial Counsellor	Canadian Legation, Thunstrasse 95, BERNE	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 4-59-17
Trinidad Barbados, Windward and Leeward Islands, British Guiana, Dutch Guiana, French Guiana, French West Indies	†Acting Canadian Government Trade Commissioner	Colonial Building, 72 South Quay, PORT-OF-SPAIN	<i>Mail:</i> P.O. Box 125 <i>Cable:</i> CANADIAN <i>Tel.:</i> 4787
United Kingdom (South of England, East Anglia, Scotland), Iceland, British West Africa (Gambia, Gold Coast, Nigeria, Sierra Leone)	R. P. Bower, Commercial Counsellor R. Campbell Smith, Commercial Secretary	Office of the High Commissioner for Canada, Canada House, Trafalgar Square, LONDON, S.W.1	<i>Mail:</i> (City Address) <i>Cable:</i> SLEIGHING <i>Tel.:</i> Whitehall 8701
United Kingdom	D. A. B. Marshall, Commercial Secretary (Agricultural)		
United Kingdom	R. D. Roe, Commercial Secretary (Timber)		<i>Cable:</i> TIMCOM

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
United Kingdom (Midlands, North England, Wales)	M. J. Vechsler, Canadian Government Trade Commissioner	Martins Bank Building, Water Street, LIVERPOOL	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> Central 0625
United Kingdom (Northern Ireland)	†T. G. Major, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	<i>Mail:</i> (City Address) <i>Tel.:</i> 21867
United States Delaware, Maryland, Virginia, West Virginia	J. H. English, Commercial Counsellor	Canadian Embassy, 1746 Massachusetts Ave., N.W., WASHINGTON, 6, D.C.	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> DEcatur 1011
United States	Dr. W. C. Hopper, Agricultural Counsellor		
United States (Connecticut, New Jersey, Pennsylvania, eastern New York State), Bermuda	A. E. Bryan, Deputy Consul General of Canada and Trade Commissioner	Canadian Consulate General, 620 Fifth Ave., NEW YORK CITY	<i>Mail:</i> (City Address) <i>Cable:</i> CANTRACOM <i>Tel.:</i> JUDson 6-2400
United States	M. B. Bursey, Consul of Canada and Trade Commissioner (Fisheries)		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	G. S. Patterson, Consul General of Canada	Canadian Consulate General, 532 Little Building, 80 Boylston Street, BOSTON 16	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> HANcock 6-435
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	D. S. Cole, Consul General of Canada	Canadian Consulate General, Chicago Daily News Bldg., 400 West Madison Street, CHICAGO 6	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> STate 2-7312
United States (Michigan, Ohio, western New York State)	B. C. Butler, Consul of Canada and Trade Commissioner	Canadian Consulate, 1035 Penobscot Building, DETROIT, 26	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> WOODward 5-2811
United States (City of Los Angeles, Southern California, Arizona)	V. E. Duclos, Canadian Government Trade Commissioner	510 West Sixth Street, LOS ANGELES 14	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> VANDike 7114
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	G. A. Newman, Consul of Canada and Trade Commissioner	Canadian Consulate, 201 International Trade Mart, NEW ORLEANS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> RAYmond 215
United States (Northern California, Montana, Oregon, Idaho, Washington, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Acting Consul General of Canada	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, SAN FRANCISCO 4	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> SUTter 1-3039
Venezuela Netherlands Antilles	J. A. Stiles, Consul of Canada and Trade Commissioner	Canadian Consulate General, Edificio Pan American, Puente Urapal, CARACAS	<i>Mail:</i> Apartado 330 <i>Cable:</i> CANADIAN <i>Tel.:</i> 55818
Venezuela Colombia	Vice-Consul of Canada and Acting Agricultural Trade Commissioner		

Foreign Trade Service Abroad

This list shows the countries included in the territories of Canadian Trade Commissioner offices abroad and the post responsible for the promotion of Canadian trade in each.

Country	Post Responsible
Aden	Cairo
Afghanistan	Karachi
Alaska	San Francisco
Algeria	Paris
Angola	Leopoldville
Argentina	Buenos Aires
Australia	Sydney and Melbourne
Austria	Berne
Azores	Lisbon
Bahamas	Kingston
Bahrein	Cairo
Balearic Islands	Madrid
Barbados	Port-of-Spain
Belgian Congo	Leopoldville
Belgium	Brussels
Bermuda	New York
Bolivia	Lima
Brazil	Rio de Janeiro and São Paulo
British Cameroons	London
British Guiana	Port-of-Spain
British Honduras	Kingston
British Togoland	London
Brunei	Singapore
Burma	Bombay
Canal Zone, Panama	Guatemala
Canary Islands	Madrid
Cape Verde Islands	Lisbon
Cayman Islands	Kingston
Ceylon	Colombo
Chile	Santiago
China	Hong Kong
Colombia	Bogotá
Costa Rica	Guatemala
Cuba	Havana
Curaçao	Caracas
Cyprus	Cairo
Czechoslovakia	Berne
Denmark	Oslo
Dominican Republic	Ciudad Trujillo
Dutch Guiana	Port-of-Spain
Ecuador	Bogotá
Egypt	Cairo
England	London and Liverpool
Eritrea	Cairo
Ethiopia	Cairo
Falkland Islands	Buenos Aires
Fiji	Wellington
Finland	Stockholm
Formosa	(See Taiwan)
France	Paris
French North and West Africa	Paris

Country	Post Responsible
French Equatorial Africa.....	Leopoldville
French Guiana	Port-of-Spain
French West Indies	Port-of-Spain
Gambia	London
Germany	Bonn
Gibraltar	Madrid
Goa	Bombay
Gold Coast	London
Greece	Athens
Greenland	Oslo
Guatemala	Guatemala
Guiana (British, Dutch, French)	Port-of-Spain
Haiti	Ciudad Trujillo
Hawaii	San Francisco
Honduras	Guatemala
Hong Kong	Hong Kong
Iceland	London
India	New Delhi and Bombay
Indo-China	Hong Kong
Indonesia	Singapore
Iran	Karachi
Iraq	Beirut
Ireland, Republic of	Dublin
Ireland, Northern	Belfast
Israel	Athens
Italy	Rome
Jamaica	Kingston
Japan	Tokyo
Jordan	Cairo
Kenya	Johannesburg
Korea	Tokyo
Kuwait	Cairo
Lebanon	Beirut
Leeward Islands	Port-of Spain
Liberia	New York
Libya	Rome
Liechtenstein	Berne
Luxembourg	Brussels
Macao	Hong Kong
Madagascar	Cape Town
Madeira	Lisbon
Malaya	Singapore
Malta	Rome
Mauritius	Cape Town
Mexico	Mexico
Morocco, French	Paris
Morocco, Spanish	Madrid
Mozambique	Johannesburg
Netherlands	The Hague
Netherlands Antilles	Caracas
Netherlands Guiana	Port-of-Spain
New Guinea	Sydney
New Zealand	Wellington
Nicaragua	Guatemala
Nigeria	London
North Borneo	Singapore
Northern Ireland	Belfast

Country	Post Responsible
Northern Rhodesia	Johannesburg
Norway	Oslo
Nyasaland	Johannesburg
Oman	Cairo
Pakistan	Karachi
Panama	Guatemala
Paraguay	Buenos Aires
Persia	(See Iran)
Peru	Lima
Philippines	Manila
Portugal	Lisbon
Portuguese East Africa	Johannesburg
Portuguese Guinea	Lisbon
Puerto Rico	Ciudad Trujillo
Qatar	Cairo
Rio Muni	Madrid
Rio de Oro	Madrid
El Salvador	Guatemala
Sarawak	Singapore
Saudi Arabia	Cairo
Scotland	London
Siam	(See Thailand)
Sierra Leone	London
Singapore	Singapore
Somaliland	Cairo
South Africa, Union of	Johannesburg and Cape Town
South-West Africa	Cape Town
Southern Rhodesia	Johannesburg
Spain	Madrid
Sudan	Cairo
Surinam	(See Netherlands Guiana)
Sweden	Stockholm
Switzerland	Berne
Syria	Beirut
Taiwan	Hong Kong
Tanganyika	Johannesburg
Tangier	Madrid
Thailand	Singapore
Tobago	Port-of-Spain
Trieste	Rome
Trinidad	Port-of-Spain
Tunisia	Paris
Turks and Caicos Islands	Kingston
Turkey	Athens
Uganda	Johannesburg
United States	Boston, Chicago, Detroit, Los Angeles, New Orleans, New York, San Francisco, Washington
United Kingdom	London and Liverpool
Uruguay	Buenos Aires
Venezuela	Caracas
Wales	Liverpool
Western Samoa	Wellington
Windward Islands	Port-of-Spain
Yemen	Cairo
Yugoslavia	Rome
Zanzibar	Johannesburg

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0207.

Country	Unit	Type of Exchange	Canadian dollar equiv. Nov. 20	Notes (See below)
Argentina	Peso	Preferential buying	.1306	
		Basic buying	.1959	(1)
		Preferential selling	.1959	
		Basic selling	.1306	
		Free	.0705	
Austria	Schilling .....	.....	.0459	
Australia	Pound .....	.....	2.1950	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	.0196	
Bolivia	Boliviano	Official	.0163	tax 5% (1)
		Differential	.00975	tax 3% (2)
British West Indies (except Jamaica)	Dollar .....	.....	.5716	
Brazil	Cruzeiro .....	.....	.0529	tax 8% (2)
Burma	Kyat .....	.....	.2058	
Ceylon	Rupee .....	.....	.2058	
Chile	Peso	Official	.03155	(1)
		Commercial	.01631	
		Free	.00794	
Colombia	Peso	Basic	.3919	tax 3% (2)
		Coffee Buying	.4303	
Costa Rica	Colon	Official	.1749	(3)
		Free	.1443	*Sept. 30
Cuba	Peso .....	.....	.9797	tax 2%
Czechoslovakia ...	Koruna .....	.....	.0196	
Denmark	Krone .....	.....	.1418	
Dominican Republic	Peso .....	.....	.9797	
Ecuador	Sucre	Official	.0653	(4)
		Free	.0564	
Egypt	Pound .....	.....	2.8132	
Fiji	Pound .....	.....	2.4718	
Finland	Markka .....	.....	.00426	
France	Franc .....	.....	.00280	
French Africa ...	Franc .....	.....	.00560	
French Pacific ...	Franc .....	.....	.01539	
Germany	D Mark .....	.....	.2333	
Greece	Drachma .....	.....	.000065	
Guatemala	Quetzal .....	.....	.9797	
Haiti	Gourde .....	.....	.1959	
Honduras	Lempira .....	.....	.4898	
Hong Kong	Dollar	Free	.1515	*Sept. 29
Iceland	Krona	Official	.06016	
		Special buying	.04626	
		Special selling	.03759	
India	Rupee .....	.....	.2058	
Indonesia	Rupiah	Basic	.08594	(5)
		With Surcharge I	.04297	
		With Surcharge II	.02865	
		Dollar certificate	.00182	*Oct. 15

* Latest available quotation date.

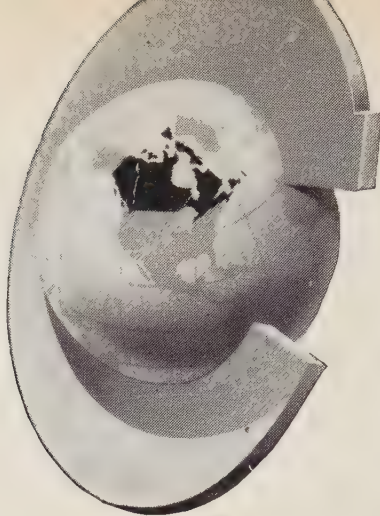
Country	Unit	Type of Exchange	Canadian dollar Equiv. Nov. 20	Notes (See below)
Iran	Rial	Certificate I	·01193	*Sept. 26
Iraq	Dinar	Certificate II	·01186	*Sept. 26
Ireland	Pound		2·7437	
Israel	Pound	Basic	2·7437	
		Special	1·3716	
		Investment	·9797	
Italy	Lira		·00157	
Jamaica	Pound		2·7437	
Japan	Yen		·00272	
Lebanon	Pound	Free	·2758	*
Luxembourg (See Belgium)				
Mexico	Peso		·1133	
Netherlands	Guilder		·2578	
Netherlands Antilles	Guilder		·5195	
New Zealand	Pound		2·7437	
Nicaragua	Cordoba	Effective buying	·1484	(6)
		Official selling	·1390	
		With Surcharge I	·1217	
		With Surcharge II	·0975	
Norway	Krone		·1372	
Pakistan	Rupee		·2961	
Panama	Balboa		·9797	
Paraguay	Guarani	Basic	·06531	(1)
		With Surcharge I	·04665	(7)
		With Surcharge II	·03266	
Peru	Sol		·06325	
Philippines	Peso		·4898	tax 17% (2)
Portugal	Escudo		·0341	
El Salvador	Colon		·3919	
Singapore & Malaya	Straits dollar		·3201	
South Africa (Union of)	Pound		2·7437	
Spain & Dependencies	Peseta	Basic buying	·0447	
		Basic selling	·0873	(1)
		Free	·0247	
Sweden	Krona		·1894	
Switzerland	Franc		·2287	
Syria	Pound		·2707	*Sept. 30
Thailand	Baht	Official	·0784	(1)
		Free	·0551	*Sept. 30
Turkey	Lira		·3499	
United Kingdom	Pound		2·7437	
United States	Dollar		·9797	
Uruguay	Peso	Official	·6450	
		Basic buying	·5504	
		Special buying	·4169	(1)
		Basic selling	·5156	
		Special selling	·3999	
Venezuela	Bolivar		·2924	(8)
Yugoslavia	Dinar		·00326	

* Latest available quotation date.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.



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foreign trade

DECEMBER 6, 1952



Canada and the Paley Report (page 2)





foreign trade

L. 12

OTTAWA, DECEMBER 6, 1952

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into titanium slag and
iron. North American
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studied by the Paley
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from this eastern Que-
bec.

-George Hunter Photo

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the source.

Canada and the Paley Report

. . . an introduction to the report of the President's Materials Policy Commission and what it could mean for Canada.

WASHINGTON—Last year President Truman, concerned about the long-term supply of important raw materials, set up a Materials Policy Commission to study the problem. To head it, he chose William S. Paley, chairman of the board of the Columbia Broadcasting System. Several months ago, after exhaustive research into raw material supplies all over the world and careful consideration of the implications for the United States, the Paley Commission presented its report. Entitled *Resources for Freedom*,* it runs to some 800 pages and has been published in five volumes.

The Paley Report should be of vital interest to Canadian producers and exporters of industrial raw materials, and to government departments and trade associations concerned about the development and use of Canada's resources. In fact, it merits the close attention of all whose economic and trade interests are, or will be, affected by foreign demand for our resources.

Shortages Will Increase

The Report begins by making an important point. "The United States has crossed the great industrial divide and from being a nation with a surplus of raw materials has become a deficit nation". In these words, it stresses the United States' increasing dependence on foreign sources of the raw materials which it needs to sustain the natural growth of its industry "at the lowest cost consistent with national security and with the welfare of friendly nations".

The report, Canadians should note, cites the recent development of import trade in iron ore—"once the symbol of material self-sufficiency of the United States"—to illustrate the trend since the 1940's. It was then that the United States first became a net importer of copper, lead, zinc, timber and petroleum, which were formerly exported in larger volume. War accelerated the diminution of domestic natural resources, through greater use and increased population. *Fortune* magazine, in discussing

* Order from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

Vol. I "Foundations for Growth and Security"	\$1.25
Vol. II "The Outlook for Key Commodities"	1.50
Vol. III "The Outlook for Energy Sources"	.50
Vol. IV "The Promise of Technology"	1.75
Vol. V "Selected Reports to the Commission"	1.25

the report, put the matter neatly: "The materials problem can perhaps be successfully over-simplified by saying that consumption of almost all materials is expanding at compound rates and is pressing harder and harder against resources which, whatever they are doing, are not similarly expanding".

Assumptions Made

In reaching the conclusion that the United States will be faced with increasing shortages of raw materials over the next 25 years, the Commission assumed an average annual compound rate of growth of three per cent in the country's economy. This was the rate of growth over the past century. Such an increase would, by 1975, double the total output of goods and services. Other assumptions for 1975 include: population of the U.S., 193 million, (1950=151 million); working force, 82 million (1950=62 million); gross national product, \$566 billion (1950=\$284.2 billion). The work week will be 15 per cent shorter than in 1950, and the annual increase in "production per man" 2.5 per cent, as compared with a past rate of 2.1 per cent.

To double output over the next 25 years, however, an increase of between 50 and 60 per cent in the total supply of raw materials is assumed to be necessary. After allowance for variations in use, substitution of materials and other factors, the Commission projected the increase in U.S. demand as follows:

Minerals as a whole	90 per cent above 1950			
Iron, copper, lead and zinc	40-50	"	"	"
Fluorspar	300	"	"	"
Bauxite	400	"	"	"
Magnesium	1,800-2,000	"	"	"
Timber products as a whole	10	"	"	"
Saw logs	10	"	"	"
Pulpwood	50	"	"	"
Agricultural products as a whole	40	"	"	"
Industrial water	170	"	"	"
Total energy demands	100	"	"	"
Electricity	260	"	"	"
Liquid fuels	100	"	"	"
Natural gas	200	"	"	"
Coal	60	"	"	"

The report goes on to deal more specifically with the position of individual commodities which comprise the broad groups mentioned above. In spite of the uncertainties of such projections, the Commission stresses that inevitable economic growth entails a substantial increased demand for all commodities, and that for other countries the corresponding increases may be even greater.

Solving the Problem

The Commission suggested the following solutions to the problem of increasing the supply of raw materials:

- Increasing domestic supply by technological improvements, exploitation of new domestic sources, and solving of economic and production problems.

- Altering the pattern of materials use, perhaps by substituting domestic materials for imported ones in certain cases.
- Importing more raw materials, in accordance with the principle of "buying at the least cost possible for equivalent values", giving due weight to national security.

In making this third suggestion, the Commission boldly endorsed a non-protectionist view of world trade, on the ground that cheaper imports are needed to maintain and promote high standards of living in this country. At the same time it opposed "Buy American" legislation as a "relic of depression psychology" and criticized self-sufficiency as indefensible. The need for collaboration with other countries was emphasized because ". . . the United States is outgrowing its present usable domestic resources base". The Commission concluded that no U.S. domestic policy by itself would solve the enduring problem of meeting U.S. needs at prices necessary to sustain the growth of the economy.

Co-operation Recommended

Throughout, the report stressed the Commission's belief in the operation of private enterprise and the profit motive, with a minimum of governmental action, and continuous industrial growth to achieve "the greatest security at the lowest cost". These are concepts which will find ready acceptance in principle but they are tempered by the conclusion that "the co-existence of great public and private strength . . . is essential," involving possible governmental "helps or restraints or counterpoises to keep the system working at its best".

Conclusions on certain other specific problems may not prove acceptable to the U.S. interests concerned. In fact, considerable debate has taken place already on the bases for some of the conclusions.

The National Security Resources Board, which has been at work analyzing the report, will be submitting its findings and recommendations for legislation to the White House within the next few weeks. It remains to be seen how far the Paley Report will be used to blueprint an American raw materials policy for the future, but it may influence official thinking for years to come.

—S. V. ALLEN

Commercial Secretary for Canada

MAGNESIUM NOTE

Canada's defence program is increasing the demand for magnesium ingot, to be used in fabricating light alloy shapes, castings and forgings. Two Canadian plants are today producing magnesium in this form, and each is expanding its capacity. By the spring of 1953, they expect to reach full production. Much of the output will go to the United Kingdom aircraft industry for light alloy components of jets engines and aircraft frames. Several Canadian foundries are turning out magnesium castings.

United Kingdom

The Outlook for Canadian Apples

When the dollar shortage eases, Canadian apple-growers will still face problems in their traditional U.K. market—including stiff domestic, European and U.S. competition.

LONDON—The United Kingdom has long been the major export market for Canadian apples. Before 1939, total imports ranged from 12.4 to 19.3 million bushels a year; Canada supplied an average of 38 per cent. From 1941 to 1944 Canada was virtually the only overseas supplier and provided 69 per cent of the imports which, however, amounted to barely 3.5 million bushels a year. Since 1945, the United Kingdom, anxious to re-establish trade, has permitted imports despite the scarcity of dollars. However, except for 1946, quantities have steadily decreased because of smaller dollar allocations and, to some extent, fluctuations in the Canadian crop. Total imports ranged from 4.7 to 10.3 million bushels between 1946 and 1951, with the Canadian share averaging only 36 per cent.

For the time being, apple imports from North America have ceased. Undoubtedly, Britain will be buying again when she has the dollars. There is, however, some question about the extent to which Canada can recapture her prewar position. This will depend mainly on three factors: the further development of the United Kingdom dessert apple industry; the competition from European countries which are relative newcomers to the British trade, and the competition from the United States. Domestic production of dessert apples during 1951 was about 10.5 million bushels and imports, about 8.3 million bushels.

Buying from Europe

These 1951 imports were the highest in the postwar years. In addition to the traditional Commonwealth suppliers, many European countries appeared in the field—most of them for the first time since 1939—under a system of Open General Licence. Italy, in the market since 1948, shipped a record 2.3 million bushels, 22 per cent of the total imports of 10,360,000 bushels. The Netherlands shipped 934 thousand bushels or 9 per cent, Denmark 386 thousand or 3.7 per cent. Czechoslovakia for the first time sent 29 thousand bushels and Switzerland shipped a record 165 thousand bushels. The Argentine participated for the first time since 1939, sending 912 thousand bushels.

Taking the 1951-52 season for Europe and North America as a whole, import statistics indicate that Italy was the largest shipper with 1,451.4

thousand bushels; the United States second, with 1,234·7 thousand bushels for the season, and Canada third, with 1,011·8 thousand bushels. Assuming that these Italian apples were all dessert varieties, the figures illustrate Italy's effort to secure a lasting foothold in the U.K. market. At the time of the first cut in imports to £ 1 million for the period January-June, 1952, the Italians were left with stocks on their hands. Subsequently they were able to secure an additional quota of £250 thousand. The Netherlands sent 475·2 thousand bushels during the season, almost half the amount shipped by Canada.

U.K. Imports from Selected Countries

(in thousand bushels)

	Jan.-June	1951 July-Dec.	1952 Jan.-June	July 1951 to June 1952	Per Cent
U.S.A.....	394·1	328·3	906·4	1,234·7	29·3
Canada	1,074·1	217·9	793·9	1,011·8	24·1
Italy	1,914·4	473·3	978·1	1,451·4	34·5
Netherlands	636·8	297·3	177·9	475·2	11·3
Denmark	361·6	25·1	4·5	29·6	·8
Switzerland	164·8	.....	.....	.....	.....
Czechoslovakia ..	29·0	.....	.....	.....	.....
	4,754·8	1,341·9	2,860·8	4,202·7	100

Restriction of Imports?

The high level of imports in 1951 gave rise to criticism from the United Kingdom growers; importers and distributors, on the other hand, were pleased. It was alleged that apples from Canada and the United States prevented the British grower from disposing of all his crop. With good packing and grading of only a very small percentage of the home



—U.K. Information Office.

These English girls are grading apples at the Horticultural College at Swanley in Kent. The U.K. apple growers are making great efforts to develop good dessert varieties, but success will cut Canadian imports.

crop, the allegations had little truth in them. The matter was discussed several times in the House of Commons. Leading figures in agricultural circles championed in the press the cause of the fruit grower at home. His position, it was claimed, was jeopardized by imports of "subsidized apples" at a time when he should be making a reasonable profit from high-grade stored apples for the Christmas trade.

However, as the season progressed the fallacy of these claims was evident and the public was provided with alternative varieties, from 2d. to 6d. per lb. cheaper than the domestic Cox's Orange. These filled a real need on the United Kingdom market. There was no first-class British pack left unsold but the imports did preclude the sale of some low-grade apples which consumers would have bought only on a scarcity market.

It was announced by the previous Government, by whom the negotiations were concluded, that the object in permitting limited imports from dollar sources was "in pursuance of a general policy of enabling traditional suppliers to this country to maintain at least a limited trade". At the same time it provided alternative varieties at Christmas within the reach of all pockets.

In 1951 the import trade from North America was returned to private firms, who were invited to apply for individual licences.

The dollars allocated (Canadian and U.S., separately and non-transferable) were divided among importers on the following basis:

- One-half allotted to firms in proportion to their prewar first-hand sales.
- One-half divided among firms in proportion to their imports of apples from all sources between January 1-July 21, 1951.

Prospects for 1952

The Ministry of Agriculture forecasts only a "moderate" crop for 1952. Since November 1951, when the present Government took office, imports have been progressively reduced as part of the policy to "set the house in order". From November 8, 1951, to June 30, 1952, the import quota from Continental Europe was reduced to a value of £1 million. On the grounds of extreme hardship a further £250 thousand was allocated to Italy. Compared with £4.08 million in the first half of last year, this was a reduction of 70 per cent. Imports from Italy fell by almost 50 per cent compared with 1951, those from Holland by 72 per cent.

After the disappearance of Australian and New Zealand supplies during the summer, shortages appeared; with imports from Europe severely curtailed in the autumn, the onus was on the home grower. A trade journal remarks, "It remains only to pray that the home producer will improve on his poor performance of last season and not attempt to take advantage of the situation by consigning rubbish to market. If he does, he forfeits his claim to protection from imports; the two things must go hand in hand".

Outlook for Canadian Apples

The outlook for Canadian apples in the United Kingdom hinges upon a combination of uncertain factors. First, imports will be governed by the dollar problem, the basis of the country's economic straits today. Whatever the crop position at home may be, dollar import quotas will depend upon the financial climate. Second, and complementary to this,

is the attitude of any future Government to imports from North America. At the present time, the admitting of Canadian apples during the Christmas period is highly desirable to offset what might otherwise be a period of shortage and high prices. It does not follow that this position will obtain within the next twelve years, when greatly increased dessert acreages at home will be bearing and larger storage capacity will create a longer season. The United Kingdom apple growers may be integrated under an Apple and Pear Marketing Board into a better organized community with powerful negotiating machinery. It will then be consulted about imports.

Third, the United Kingdom growers, beginning this year, will take maximum advantage of the dollar shortage to secure a greater share of the market. Statistics show that 42·2 million bushels of dessert apples were marketed last year; one half of this quantity was imported. This indicates that consumption is not declining, but Canada only secured approximately 3 per cent of the market, the lowest since the end of the war. This was because of greater imports from Europe, coupled with increased home production. However, it should be noted that, because certain United Kingdom importers and Canadian exporters failed to reach agreement, a small amount of the Canadian dollar allocation was not utilized. Theoretically, the United Kingdom may be self-sufficient in dessert apples by 1965. To compete then, Canadian exporters must have an established reputation for a top-grade product on which the importer can rely implicitly.

The Future

Increasing competition from U.S. apples may be expected in the future. Under GATT the preference accorded to Commonwealth apples was abolished during the period August 16th to April 15th when entry is free. This, with an export subsidy, enabled the United States to capture the second largest share of the market in 1952. The comparative prices realized indicate that the U.S. apples will offer the Canadian grower his most serious competition. For comparable grades, United States apples in some instances realized slightly more per box than similar Canadian varieties.

The future of Canadian apples on the British market, when free access to it again becomes possible, will depend (apart from U.S. competition) on the ability of the Canadian industry to compete with both English apple-growers and Continental European producers. Both the latter are aware of their present opportunity to obtain a permanently larger share of the U.K. market. Both are improving grading and packaging. There is much goodwill in the trade towards the Canadian industry but the Canadian exporters must work to maintain and increase this goodwill through the standard of their product. There is no place in the British market for Canadian C grade or inferior varieties and packs and when competition becomes more free, this will be even more true. The market will become increasingly selective, and only the top-grade Canadian product will be favourably received.

—D. A. BRUCE MARSHALL
Commercial Secretary for Canada
(Agricultural)



For Automotive Men

Canadian automotive distributors and representatives may wish to visit the Automotive Service Industries Show at Atlantic City, N.Y., December 10-13. Restricted to products made by American companies, the show will feature the latest developments in the automotive maintenance industry. Export managers from the various firms will be on hand for those who wish to consult them.

The show is sponsored by the National Standard Parts Association, the Motor and Equipment Mfrs. Association and the Motor and Equipment Wholesalers Association. For further information, write J. B. Welie, Overseas Automotive Club, Inc., 330 West 42nd Street, New York.

Plastics to the Fore

Among the many events scheduled for Coronation Week in London, England, is the Second British Plastics Exhibition and Convention. It will open in the National Hall, Olympia, on June 3 and will close on June 13.

Some 28 suppliers of raw materials for the plastics industry, 24 fabricators and moulders, and 19 plant manufacturers have already applied for stands. In fact, 82 per cent of the space is taken. The magazine *British Plastics*, Associated Iliffe Press, Dorset House, Stamford Street, London, S.E.1, is organizing the exhibition, with the co-operation of the British Plastics Federation.

The convention, to be held at the same time, will feature papers on new developments and new materials in the industry. Authorities will discuss the growing importance of unplasticized PVC, glass-reinforced plastics, etc.

Sweden Goes International

Next year, the 35-year-old Swedish Industries Fair of Gothenburg will change character. Formerly limited to Swedish exhibitors only, it will become an international affair, in recognition of the increasing part fairs are playing in world trade.

Gothenburg, the city in which the fair will be held from September 12-20, 1953, is Sweden's largest port and the commercial centre of Western Sweden. The buildings cover an area of about 30 thousand square metres; in 1951, there were 800 exhibitors and about 160 thousand people visited the Fair.

The 1953 Fair will include all types of products and will feature an exhibition of homes and buildings. The dates were chosen to follow the St. Erik's Fair in Stockholm, so that firms might transfer their displays, if they wished, from one to the other.

The director advises intending exhibitors to reserve early, because space is limited. Canadians who are interested should write to the Attaché, Royal Legation of Sweden, 720 Manor Road, Rockcliffe Park, Ottawa.

Flora 1953

This spring, The Netherlands famous international flower show returns to Groenendaal Woods, Heemstede, near Haarlem. Traditionally, this show is held every ten years but this marks its first postwar appearance. The dates are March 14 to May 14, and the locale, a 17th century estate of 60 acres.

Flora 1953 will be devoted to every phase of ornamental shrub and flower production. Each week will have its own special attraction, beginning with bulbs in bloom, March 14-20, and ending with summer flowers, May 6-14. These indoor exhibits will be housed in a specially built Floral Palace. An international panel of experts will judge both the indoor and outdoor exhibits, and great value is placed on their decisions because of Holland's important export trade in nursery products.

More than 600 thousand persons visited the last show in 1935, over 200 thousand of them coming from abroad. Haarlem is in the centre of the bulb-growing and nursery glasshouse district and has much to attract visitors in addition to the flower display.

Coming in Canada . . .

Eastern Canada Hardware Show, January 19-22, 1953.

Show-Mart Building, Montreal. For information, write, J. E. St. Pierre, 423 Ontario Street East, Montreal.

National Motor Show, February 14-21, 1953.

Automotive Building, CNE, Toronto.

13th Annual Canadian Toy Fair, March 2-6, 1953.

Mount Royal Hotel, Montreal. For information, write Canadian Playthings Mfrs. Assoc., Inc., 217 Bay Street, Toronto 1.

Automotive Service Show, March 11-14, 1953.

Automotive Building, CNE, Toronto.

Canadian National Sportsmen's Show, March 13-21, 1953.

The Coliseum, CNE, Toronto.

United Kingdom

Manufacturing for Sterling Markets

Is it possible for Canadian enterprises to set up branch plants in the U.K. to turn out products for the sterling area? Here are some of the obstacles that must first be overcome.

LONDON—Import restrictions in the non-dollar countries, and particularly in the sterling area, have led certain Canadian manufacturers to examine the merits of setting up manufacturing arrangements in a soft currency country, to supply customers who might otherwise have to buy elsewhere. A factory in the sterling area, they reason, would be able to sell its output anywhere in the world for sterling. It would thus have a certain trading advantage in any country where sterling payments are easier than dollar payments.

U.K. as a Locale

The United Kingdom frequently suggests itself as a suitable location for Canadian enterprise of this type, because of its geographical situation, its position as the centre of a considerable trading area, its reserves of skilled labour, and its favourable commercial facilities.

Such projects fall into two broad categories:

1. A branch factory to manufacture the product in the United Kingdom, involving the direct investment of Canadian capital and the provision of Canadian technical production knowledge.

2. The licensing of a United Kingdom manufacturer to produce an article in return for some form of compensation, usually a royalty payment. The licensee is sometimes entrusted with distribution but sometimes a branch company is formed to superintend manufacturing and financing and to look after sales.

Canadian manufacturers are sometimes surprised to find that there are obstacles to the carrying out of such arrangements, in spite of the additional trade and employment which normally follow. The trouble arises from the U.K. balance of payments position which is still difficult. Canadian investment or licensing arrangements entail the probable remission of either profits or royalties in dollars. It is an offence under the United Kingdom Foreign Exchange Control Regulations to make payment into a Canadian non-resident account without the consent of the Bank of England. It is at this point that control over branch manufacturing developments is exercised.

Permission to remit profits or royalties to Canada is automatic, once a project is approved. An offer to retain such funds in the United King-

dom—either for local investment or for later repatriation to Canada—will not induce the authorities to approve proposals they would otherwise reject.

The United Kingdom Government has set up machinery to determine where the balance of advantage lies in branch industry or licensing projects. The co-ordinating department is the Board of Trade, which confers with the supply departments concerned, the Treasury and the Bank of England, who are jointly responsible for decisions. The authorities require evidence that the dollar income produced by the project will exceed the dollar outlay. Unless this condition is met, there is little likelihood of arrangements being approved.

To stand a chance of success, therefore, the proposals should show:

1. They are capable of earning desirable new foreign exchange as the result of exports from the United Kingdom.

2. They save dollars by eliminating or reducing essential imports from hard currency countries or that they improve the U.K.'s technical knowledge and efficiency and consequent ability to compete in the world's markets.

There is little or no interest in projects which are mainly designed to supply and service the United Kingdom and/or sterling area or soft currency countries. The applicants are required to estimate what they are likely to earn in desirable hard currencies. They must show that this amount is greater than the probable dollar profits or royalties that will have to be remitted.

Treatment of New Overseas Enterprises

When overseas projects are approved, the sponsors are given every facility. They are treated on an equal footing with purely local organizations in the allocation of scarce materials, building permits and similar requirements.

For subsidiary companies, there are no restrictions on the nationality of shareholders or directors in order to keep control within the country. The rates of taxation on profits are just the same as on local businesses.

The United Kingdom authorities have no power to direct new industries into particular areas. Nevertheless, their policy at the present time is to disperse manufacturing activities and, wherever possible, to attract new industries to the so-called "development" (previously "distressed") areas. Government-sponsored trading estate companies were established in the development areas for this purpose. Each estate company has a number of industrial estates composed of modern and well-appointed factories. These factories are preferably let to firms engaged on work of high national importance with the aim of increasing production and export trade by making use of the resources of the development areas. Special facilities and advantages are offered in certain cases. Many overseas industrial enterprises (including Canadian) which have set up branch factories in the U.K. since the war have gone into the development areas.

Canadian firms interested in establishing branches in the United Kingdom are invited to consult the Foreign Trade Service of the Canadian Government in London.

—R. P. BOWER

Commercial Counsellor for Canada

Spain: Notes on the Harvest

MADRID—End-of-the-harvest announcements indicate that Spain's agricultural production has improved considerably during the past two years. This improvement is the result of larger supplies of fertilizers, the wider use of machines on farms and, above all, favourable weather conditions.

The Statistics Service of the Ministry of Agriculture has just published the following official figures for the 1950 and 1951 principal grain crops, and estimates for 1952.

	1950	1951 (metric tons)	1952 (est.)
Wheat	3,373,500	4,255,600	4,084,800
Barley	1,491,400	2 143,100	2,228 200
Rye	467,100	509,600	493,000
Oats	506,900	539,700	546,700
Maize	536,200	585,100	634,700
Rice	301,700	285,300	325,000

The wheat crop this year was expected to surpass 1951, but intense heat over wide areas during the late growing period damaged the kernels. The carryover from the 1951 crop is estimated at 700 thousand tons. Spanish officials are confident that this year's crop, with the carryover and the International Wheat Agreement import quota of 119 thousand tons, will ensure adequate supplies of wheat until the 1953 harvest. Bread came off the rationing list last spring.

Crops Generally Good

The supply of coarse grains, with the exception of maize, is considered sufficient to last until next year's harvest. By introducing hybrid seed, the Ministry of Agriculture hopes to make the country self-sufficient in maize within five years. Rye is in surplus and 30 thousand tons were slated for export to Italy. Rice is earning dollars for Spain—about 55 thousand tons were shipped to Japan out of last year's crop and at least an equal amount will be available for export from this year's crop, the largest in Spain's history.

The bumper harvest of sugar beets being gathered will make sugar imports unnecessary. An interesting development is the export of surplus sugar beets in pulp form for cattle feed. Early this year a cargo of pulp was shipped to the United States and contracts for the shipment of several more cargoes are reported.

Favourable conditions have permitted the accumulation of adequate reserves of chick peas, beans, lentils and other items so important to the Spanish diet. The large quantities of olive oil and eating olives left over from last year's bumper crop will go a long way to offset the expected deficiency in this year's harvest, which is just getting under way.

With co-operation from the weather, it looks as if Spanish agriculture will continue to experience better times. The Ministry of Agriculture is developing its various schemes for increasing production, including encouragement of farm mechanization, control of plant diseases and insect pests, improvement of pastures, scientific research for improvement of livestock, irrigation, distribution of better seeds. The Ministry is even trying artificial rainmaking.

—E. H. MAGUIRE

Canadian Government Trade Commissioner

Malaya

The Pineapple Industry Recovers

Wiped out during the Japanese occupation, the pineapple canning industry has been rebuilt and production has almost reached prewar high.

SINGAPORE—The Malayan pineapple industry began as a one-man show in the closing years of the nineteenth century. The pioneer canner was a retired French seaman named Bernado who settled in Singapore. He carried on business in a dilapidated shop in part of his house, where he made his own cans, cut and cooked the fruit, and sold the product to visiting ships. From this small beginning the industry grew until, in 1939, 17 canneries were operating, over 60 thousand acres were under pineapple cultivation, and production had reached over 100 million cans a year with an export value of over M\$10 million. Malaya supplied 80 per cent of the world's export trade in canned pineapple (the bulk of the Hawaiian trade is not technically export trade).

During the Japanese occupation of Malaya (February 1942-August 1945) the forty-year-old industry, then considered one of the largest single fruit canning industries in the world, was almost wiped out. Some of the canneries were destroyed, others were dismantled or stripped of their plant and machinery. Cultivation ceased and the planted areas were left to revert to jungle. When the occupation ended, only three to five thousand of the 60 thousand planted acres were still bearing fruit.

Rehabilitation Begun

The virtual extinction of this thriving industry was a calamity for Malaya, but it provided an opportunity too. In building the industry up again, out-of-date, haphazard methods could be replaced with the latest processes and machinery.

The Government gave high priority to the rehabilitation of the pineapple industry once the war was over. A thorough survey of its position and the prospects was undertaken in 1947 by a committee consisting of representatives of government and industry and a detailed and carefully-graded plan was worked out. This called for a new planting program to be carried out largely by cannery owners on a permanent plantation basis in a specially selected area. This, it was hoped, would provide the requisite increase in fruit supply in the shortest possible time. Simultaneously, a program to mechanize canneries and modernize processing methods got under way.



—U.K. Information Office.

This young member of a Chinese working family is helping to gather in Malaya's pineapple harvest. Virtually extinguished during the war, pineapple growing and canning are again becoming important.

By the end of the first quarter of 1951, rehabilitation was complete. Some 22 thousand acres had been planted with pineapples and about 19 thousand acres were actually bearing. It is expected all 22 thousand acres will be in bearing by the middle of 1953.

Year	Production in standard cases	Exports	Export value M\$
1946	40,000	1,100	12,000
1947	106,000	108,000	2,430,000
1948	142,000	164,000	3,650,000
1949	340,000	350,000	6,300,000
1950	701,000	685,000	12,200,000
1951	780,000	800,000	17,000,000

The estimated production for 1952 is about 900 thousand cases. The Malayan standard pack is 48 cans of either 16 oz. or 20 oz. to a case. The maximum prewar production was over 2½ million cases and the industry expects output to reach this figure again in 1954-1955. Steps have been taken to clear and cultivate an additional 12 to 15 thousand acres. New cultivation has been concentrated largely in the district of Pontian in Southwest Johore. Six canneries are now in operation, three in Singapore, two in Johore and one in Selangor, all operated under the direction of the Central Board of Pineapple Packers in Malaya, which was first organized in 1938.

Modernization of the canneries is now almost complete. Machine-made cans of world standard sizes, supplied by the Metal Box Company of Malaya, have replaced the prewar hand-made cans, and packing is done by fully automatic machinery—automatic syringers, exhausters,

double seamers, and rotary cookers and coolers. Experiments are being made with fully automatic and semi-automatic fruit-cutting machinery and skin eradicators. When installed they will complete the mechanization and will make possible the economic production of by-products such as juice, crush and bran. In producing the standard pack of slices and cubes, only 20 to 25 per cent of the fruit weight goes into the can. Success in turning out by-products means the minimum of waste and, in consequence, lower-cost production and larger output.

Levy on Exports

The rehabilitation program emphasizes also the following points:

- Better quality through grading and standardization,
- Agronomic research to improve quality and yield of the fruit,
- Financial and organizational assistance to small growers so that they can benefit from modern scientific methods of cultivation and harvesting and grading of fruit.
- Organization of co-operative sales and delivery direct to canneries to permit small growers to receive full value for their fruit.

To carry out these measures, the canners have agreed to a levy on exports exclusively for financing agronomic and canning research, small growers' assistance schemes, and an inspection system to promote greater efficiency and check grades and qualities of pack.

U.K. Leading Buyer

All these plans have been successful principally because the United Kingdom Ministry of Food, through its annual purchases of the Malayan pack at prices fixed from time to time on a production-cost plus basis, has guaranteed a return to the canners and a market for their products. If the United Kingdom stopped its bulk purchases, Malaya would have to compete commercially with other producers.

Prewar, Malaya exported about 75 to 80 per cent of her output to the United Kingdom. Malayan canned pineapple led the United Kingdom's imports of canned fruits and accounted for 90 per cent of its total imports of canned pineapples. The next most important prewar market was Canada, which took over 10 per cent of the Malayan pack (60 per cent of Canada's total canned fruit imports). The remainder of the prewar Malayan pack was widely distributed among New Zealand, the United States, Europe, India and the Middle East. Since the war, the United Kingdom has taken 55.3 per cent of Malaya's exports. Exports to Canada have dropped to 3.1 per cent.

The canners are confident that, with the development and modernization program, Malayan pineapple will continue to find a ready market. They intend to concentrate on the Canadian market in an endeavour to regain their prewar position, now that they have sufficient stocks of choice and fancy qualities.

—D. S. ARMSTRONG

Canadian Government Trade Commissioner



COMMODITY NOTES

BRAZIL

Agave and Sisal—The President of the Republic recently signed a decree fixing minimum prices for agave and sisal fibres. The basic price will be Ch\$6.00 per kilo for type three—Rio de Janeiro, November 15.

CHILE

Seed Potatoes—An experimental import of seed potatoes from Scotland is being made in an effort to solve the potato shortage arising from the "tizón" pest. The variety being imported is "Pentland Ace"—Santiago, November 15.

DENMARK

Biscuits—Denmark's biscuit, wafer and crispbread manufacturing industry has expanded rapidly since the war. The output of biscuits in 1948 reached 7,700 tons, of which 850 tons were exported. In 1950 production and exports rose to 9,700 and 3,700 tons respectively, and in 1951 this export figure was doubled. No fewer than thirty countries have imported Danish biscuits and wafers in recent years, including most countries in Europe and a large number overseas, such as Canada and the United States—Oslo, November 18.

NORTHERN IRELAND

Furnishing Fabrics—A factory at Dromore, County Down, formerly used for linen weaving, has been taken over by a Yorkshire firm to produce furnishing fabrics. New machinery is being installed, and full production is anticipated by the end of this year—Belfast, November 12.

Ships—Harland and Wolff Limited, of Belfast, are to build another luxury liner for the Pacific Steam Navigation Company at Queen's Island. The new ship will be approximately 19,320 tons with accommodation for 787 passengers. Delivery is expected late in 1955 and the order should keep all trades in the yard busy for almost three years. The contract is one of the most important received by the Belfast yard in recent years, and one of the few for liners of large tonnage booked by British shipbuilders since the war.

The Pacific Steam Navigation Company trades to the West Indies and South America, and a number of its cargo and passenger vessels have already been built in Belfast—Belfast, November 12.

PAKISTAN

Railway Coaches—The Pakistan Government has purchased 235 railway coaches from France and 45 from Japan. These will be fitted with the most modern conveniences and amenities. The North Western Railway in West Pakistan will receive 122 lightweight, all-steel broad-gauge passenger coaches, ten of which will be air-conditioned. The Eastern Bengal Railway in East Pakistan will receive 113 lightweight, all-steel metre-gauge passenger coaches. The first consignment is expected to arrive in Karachi, West Pakistan, and Chittagong, East Pakistan, in February 1953. The whole order will be completed by October 1953—Karachi, November 15.

PHILIPPINES

Drugs—To forestall a shortage of essential drugs, including antibiotics, the Import Control Commission has announced that it is ready to allocate 30 per cent of the dollar exchange given to drug importers in 1951. The amount will be taken out of the \$6 million set aside by the import control office during the latter part of 1952 exclusively for this purpose. The \$6-million allocation is \$2 million short of the total sum which the Drug Association of the Philippines estimates as necessary to buy the country's requirements for the second half of this year—Manila, October 6.

SWEDEN

Plastic Board—A 96-ton press, said to be the largest of its kind in Europe, has been installed at Skanska Attikafabriken, Perstorp, the leading Swedish plastic firm. The new press is to be used for the production of "Perstorp board" a fire, acid and alcohol-resistant material similar to that sold in Canada under the trade name "Arborite". The capacity of the machine is 100 discs with a total area of 3,660 sq. ft.—Stockholm, October 26.

Pitprops—Sweden's exports of pitprops for 1952 will be much larger than in previous years. During the first six months they amounted to approximately 400 thousand cubic metres—compared with 110 thousand cubic metres during the first six months of 1951, 316,500 cubic metres for the whole of 1951, and 242 thousand for the whole of 1950. The value of pitprops exported during the period January-June 1952 was 48·7 million kronor, compared with 7·6 million kronor for the same period in 1951—Stockholm, October 26.

UNITED STATES

Shoes—New England shoe factories turned out 115 million pairs of shoes in the first eight months of 1952, topping the output of all other manufacturing centres—Boston, November 15.

Iron Pyrites—Vast deposits of iron pyrites discovered in Maine are now being staked for exploitation by development companies. The ore will be used to produce sulphur—Boston, November 15.

United States

Opportunities for Canadian Charcoal

Some of the central states offer a market for high-quality grades of charcoal, which crosses the border duty-free.

DETROIT—Shortage of suitable wood for making charcoal in some sections of the central United States has created opportunities for the sale of the Canadian product, a duty-free item under section 1802 of the United States Tariff.

Canadian exporters, however, face stiff competition from well-established local producers. During the first seven months of this year, United States production and shipments were:

	Production (tons)	Shipments (tons)
Lump	97,800	77,200
Briquets	34,900	34,900
Fines	15,100	5,200
	147,800	117,300

Of the total shipments during this period, only 15,500 tons were shipped already bagged by the manufacturers. The largest share of this bagged charcoal went to industrial companies, such as chemical and metal smelting plants, which require lumps and fines in certain definite sizes.

The remainder, more than 100 thousand tons, was shipped in bulk to larger charcoal distributors across the country who do their own bagging. An estimated 50 to 75 per cent of the charcoal handled in this way goes to the retail trade in standard six-pound paper bags. The conservative 50 per cent estimate for charcoal thus bagged represents a retail value of over \$8.3 million at the present retail price of about 50 cents for the standard six-pound bag.

Summer Sales Are Largest

Charcoal is a seasonal item, with the largest sales made during the summer months. One Detroit dealer with a medium-sized business sold 70 thousand bags during the 15-week summer period of 1952. The reason for this high retail volume is the American love for the great outdoors. Many homes, even those in densely populated residential sections, have their own garden barbecues. Apartment dwellers and others make great use of portable charcoal burners which are easily set up in small backyards or taken on family picnics. In many public parks the authorities, well aware of this yearning for meals cooked outdoors, have provided

barbecues for picnickers. It is not an uncommon sight to see families en route to public parks with a picnic basket in one hand and a bag of charcoal in the other.

High Quality Essential

Charcoal shipped to the United States must be of the highest quality if it is to compete with the domestic product. Almost all U.S. charcoal is produced by the retort method which, it is claimed, yields a better charcoal than the kiln method. For cooking in outdoor barbecues, the American consumer will buy only the better grades which will not smoke and which leave a minimum of ash. When shipped long distances, charcoal tends to pulverize and this is one of the objections buyers in this area have to the Canadian product. A good quality bag for non-bulk shipments will help to protect the charcoal. It should be noted that United States customs regulations call for the bag to be legibly marked "Made in Canada".

—J. H. BAILEY

Vice-Consul of Canada and Assistant Trade Commissioner

CHILE

Producing Edible Oils

SANTIAGO—Chile's production of edible oils has shown steady improvement although considerable imports are still needed to satisfy local demand. Major production by far is from oil-producing seeds, but the amount of olive oil pressed has increased substantially.

The following table compares the quantities of oil prepared from olives with edible oils from seeds.

Olive and Seed Oil Production

Year	Tons of oil	
	Olive	Oleaginous
1941	5	14,154
1942	55	13,940
1943	85	13,339
1944	98	14,970
1945	145	22,324
1946	112	10,499
1947	164	17,788
1948	154	21,700
1949	274	22,860

Part of the raw material used in the preparation of oil is imported. In 1948 statistics show 59,106 tons of domestic oil-producing seeds were used and 10,343 tons of imported. The following table gives the imports of semi-elaborated oils:

Semi-Elaborated Oil Imports

	Tons imported
1947	6,805
1948	8,500
1949	13,545
1950	679
1951	4,280

The figures for 1949 and 1950 show a great disparity. Undoubtedly the amount imported in '49 formed the nucleus of raw material for 1950, when a very small quantity came in. In 1951, imports of edible oil from Argentina, prepared from sunflower seed, reached 3,600 tons. Previously, considerable shipments of sunflower seeds were brought in.

Sunflower Seed Imports

Year	Tons	Year	Tons
1942	30,294	1945	31,880
1943	14,763	1946	22,623
1944	23,911		

Increasing interest in producing seeds locally for use in the preparation of oil is demonstrated by the following table:

Year	Hectares planted	Tons of oil produced
1940	3,405	3,885
1941	7,111	7,406
1942	9,914	12,860
1943	13,708	18,087
1944	20,731	28,050
1945	12,218	16,692
1946	22,323	29,185
1947	25,852	32,184
1948	42,461	50,338
1949	49,759	69,361
1950	54,354	68,105
1951	44,861	64,886

In spite of this growth in production, supply is still a problem. Recently Chile concluded negotiations for the import of 7,000 tons of oil from Argentina in exchange for steel products, 5,000 tons of oil from Germany and 1,500 tons from Brazil, under commercial agreements.

—M. R. M. DALE

Commercial Secretary for Canada

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.

Documentation for Latin America

THE following table lists the documents required for freight shipments to countries in Latin America and indicates briefly the main points to follow in preparing these documents. Further explanation is given in the notes following the table.

Abbreviations: C.I.=Consular Invoice; Com. I.=Commercial Invoice.
C.O.=Certificate of Origin; B.L.=Bill of Lading.

Country	Documents required	No. of copies	Consular fees	Cost of forms (per set)	Notes (See below)
Argentina.....	Combined C.I. and C.O.....	4	5.50 to 22 pesos (<i>a</i>)		1.4.7.10.11.
	Com.I.....	3	gratis		1.8.11.
	B.L.....	3	33 pesos (<i>a</i>)		1.12.
Bolivia.....	C.I.....	6	6 per cent (<i>b</i>)	\$6.00	1.4.6.10.12.
	Com.I.....	4	1 per cent of freight charges (<i>a</i>)		1.3.8.12
	B.L.....	3	gratis		1.12.
Brazil.....	C.I.....	5	\$8 up to \$1,000 \$2 for each \$500 excess (<i>a</i>)		1.7.10.13.
	Combined Com.I. and C.O.....	5	\$4.00 (<i>a</i>)		1.3.8.13.
	B.L.....	2	\$6.00 (<i>a</i>)		1.13.
Chile.....	Combined Com.I. and C.O.....	5	1/2 per cent (<i>a</i>)		1.8.10.11.
	B.L.....	2	\$4.40 (<i>a</i>)		1.12.
Colombia.....	C.I.....	4	\$4.00 (<i>a</i>)	\$4.00	1.4.6.10.12.
	Com.I.....	4	gratis		1.5.8.12.
	B.L.....	3	\$2.50 (<i>a</i>)		1.12.
Costa Rica.....	Com.I.....	5			2.4.8.
	B.L.....	2			2.
Cuba.....	C.I.....	6	2 per cent (<i>a</i>)	\$0.60	1.6.11.
	Com.I.....	3			1.8.11.
	B.L.....	4	\$1.00 (<i>a</i>)		1.12.
Dominican Republic.....	C.I.....	6	3 per cent (<i>b</i>); \$1.25 (<i>a</i>)	\$1.50	1.4.6.13.
	Com.I.....	3	gratis		1.8.13
	B.L.....	5	\$2.00 (<i>b</i>)		1.13.
Ecuador.....	C.I.....	7	7 per cent plus taxes (<i>a</i>)	\$1.10	1.4.6.10.12.
	Com.I.....	5	gratis		1.8.12.
	B.L.....	3	gratis		1.12.
	C.O. (for some goods).....	5	\$1.00 to \$5.00 (<i>a</i>)	\$1.00	1.3.6.11.
Guatemala.....	C.O.....	3	6 per cent with exceptions (<i>b</i>)	\$1.50	1.3.4.6.9.11.
	Com.I.....	5			1.5.8.11.
	B.L.....	5			1.5.11.
Haiti.....	C.I.....	6	1 per cent plus \$1.00 (<i>a</i>)	\$0.15	1.6.12.
	Com.I.....	6			1.8.12.
	B.L.....	8			1.12
Honduras.....	C.I.....	5	8 per cent (<i>a</i>)	\$0.75	1.4.6.13.
	Com.I.....	3	\$1.00 (<i>a</i>)		1.8.13.
	B.L.....	*6 extra 3	\$2.00 (<i>a</i>)		2.8. 1.13.

Country	Documents required	No. of copies	Consular fees	Cost of forms	Notes
				(per set)	(See below)
Mexico.....	Com.I..... B.L.....	4	5 pesos (a).....		1.8.9.11. 2.
Nicaragua.....	C.I..... Com.I..... B.L.....	8 4 4	5 per cent (a)..... gratis..... gratis.....	\$2.00	1.4.6.9.10.13. 1.4.13. 1.5.13.
Panama.....	C.I..... Com.I..... B.L.....	5 4 4	5 per cent or 8 per cent (b)..... gratis..... gratis.....	\$1.00	1.4.6.11. 1.5.8.11. 1.13.
Paraguay.....	C.I..... Com.I..... B.L.....	5 2 1	5 per cent (b) and \$6.60 (a)..... gratis.....	\$1.25	1.4.6.9.10.12. 1.5.8.12. 2.
Peru.....	C.I..... Com.I..... B.L.....	4 1 5	\$1.00 (a)..... \$1.00 up to 100 tons; \$2.00 over 100 tons (a)	\$0.40	1.4.6.13. 1.8.13. 1.13.
El Salvador.....	Com.I..... B.L..... C.O. (for some goods).....	8 4 3	6 per cent (b)..... \$1.00 for each \$500 (b)..... gratis.....		1.8.11. 1.11. 1.3.4.7.11.
Uruguay.....	Combined C.I. and C.O..... Com.I..... B.L.....	4 3 6	\$10.50 (a)..... \$5.25 for each 15 lines.....	\$0.20	1.4.6.12. 1.3.8.12. 1.12.
Venezuela.....	C.I..... Com.I..... B.L.....	7 3 3	2 per cent to 3½ per cent (b)..... gratis.....	\$1.00	1.4.6.12. 2.8. 1.12.

NOTES:

- a. Fee collected from exporter by Consul.
- b. Fee payable by importer at port of entry.
1. Requires consular legalization or must be presented to Consul with other documents.
2. Does not require consular legalization or presentation to Consul.
3. Requires certification by Chamber of Commerce or similar organization.
4. Must be in Spanish (where language is not stated, English or French may be used).
5. Certain details must be in Spanish.
6. Forms obtained from Consul.
7. Forms obtained from commercial stationers.
8. Exporter's own form may be used, provided it contains all information required by the regulations.
9. The document specified is not required for freight shipments valued at less than the following amounts: Brazil, \$25; Dominican Republic, \$100; Guatemala, \$50 (but restricted goods and goods subject to duty reductions by treaty require C.O. regardless of value); Mexico, \$115; Nicaragua, \$50; Paraguay, \$60. For all other countries, consular documents are required for freight shipments regardless of value.
10. Consuls will not legalize documents unless a copy of the import permit, or analogous document, or evidence of its issuance to the importer, is produced. There are some exceptions to this rule; exporters should assure themselves that, if a permit is required, it has been obtained before shipping.
11. Documents must be legalized by Consul located in Canada.
12. Documents must be legalized by Consul at port of export (whether in Canada or the United States).
13. Documents may be legalized by either Consul in Canada or Consul at port of export. For Brazil, it is preferable to have the documents legalized in Canada.

General Observations

The need for care in the preparation of shipping documents, particularly when exporting to Latin America, cannot be too strongly emphasized. The foregoing table is intended merely as a guide to the kind and number

of documents required by each country and to indicate the basic regulations. Most of the countries in this area specify in detail the data that must be included in the shipping documents and deviation from the requirements results in fines for the importer. Even unintentional errors may cause trouble. Leaflets on Shipping Documents and Customs Regulations, giving full details of the requirements, have been compiled by the Foreign Tariffs Division for the following Latin American countries: Brazil, Chile, Colombia, Cuba, Dominican Republic, Guatemala, Haiti, Mexico, Panama, Peru and Venezuela. Information can also be furnished, on request, on any of the other countries.

Health and pure food regulations often call for documents which are not dealt with in the table. Many countries require sanitary or health certificates, issued by agricultural or health authorities in the country of origin, for animals, plants and their products and for processed foodstuffs. Details of these requirements are given in the leaflets referred to above or exporters may obtain them from the Foreign Tariffs Division.

The procedure for shipments by parcel post and by air cargo usually differs in some respects from that for freight shipments as outlined above. In most countries the requirements are not quite so exacting but must, nevertheless, be precisely followed to avoid difficulty. The separate leaflets on shipping documents deal in detail with these methods of shipping.

(For list of Foreign Commercial Representatives in Canada see "Foreign Trade" of November 8.)



TRADE COMMISSIONERS ON TOUR

TO familiarize themselves with conditions in this country and the special requirements of businessmen, Canadian Trade Commissioners return to Canada periodically. Exporters and importers are invited to discuss with the Trade Commissioner the markets and sources of supply in his territory.

C. S. Bissett, Commercial Counsellor for Canada in Buenos Aires, began a tour of Canada in Vancouver on November 19 and will complete it in Ottawa, December 8-11.

Businessmen may get in touch with Mr. Bissett at the Department of Trade and Commerce in Ottawa (No. 1 Temporary Bldg.).



GENERAL NOTES

ISRAEL

Service for Tourists—The Israel National Tourist Centre has announced that tourists visiting Israel may now obtain Israel pounds at a rate of US\$1.00 to the pound. Previously the rate of US\$1.40 to the pound applied.

The Service for Tourists system, under which tourists receive discounts on purchases, is being continued. Tourists do not pay a luxury tax on purchased items, receive priority in securing hotel accommodation, and can purchase non-austerity meals as well as items currently on the ration.—Athens, October 30.

JAMAICA

Income Tax—The pay-as-you-earn system of income tax will become effective in Jamaica on January 1, 1953, according to present plans. Hitherto tax payable in 1952 has been on income earned in 1951. Only persons earning salaries or wages will benefit by PAYE. As in Canada, PAYE will not apply to professional persons, doctors, lawyers, etc. The new system is expected to increase collections substantially. A few months ago, the Jamaica Government, following a reciprocal arrangement with Canada, provided additional income tax relief for local residents who are shareholders in Canadian corporations.—Kingston, October 31.

SCOTLAND

New Industry in Skye—The expansion of the new diatomite industry, which started on a very small scale a few years ago on the island of Skye, is putting an end to the threat of depopulation of the island. Before the development of this industry, most of the diatomite used in the United Kingdom had to be imported from the United States. Now dollars are being saved.—London, October 17.

UNITED KINGDOM

Gold, Dollar Reserves—The gold and dollar reserves of the sterling area at the end of October were \$1,767 million, compared with \$1,685 million at the end of September. They have now reached the highest point since the end of 1951, when the figure was \$2,335 million. During the month, the sterling area earned a gold and dollar surplus of \$82 million, although \$35 million of this represented defence aid from the United States.—London, November 5.

TRADE AND TARIFF REGULATIONS

GREECE

Further Imports Subject to Contribution—A Greek ministerial decision, effective October 31, 1952, provides for the levying of a contribution on a wide range of goods imported into Greece, and also for increasing the rate of contribution payable on some other commodities as a result of a similar measure which came into force on October 11. The contributions range from 25 to 150 per cent of the c.i.f. value of the goods.

On items of interest to Canada, the new contributions amount to 25 per cent on raw hides, planks and boards of coniferous wood, iron in bars or sheets, insulated copper wire, copper pipes and aluminum in sheets, and to 50 per cent on iron pipes and tubing and on drugs and pharmaceutical products. In addition, the rate applicable to tires, automobile parts and antibiotics was increased from 25 to 50 per cent.

The new contributions cover imports into Greece valued yearly at about \$28 million. With those which became effective earlier in October, and which accounted for imports worth \$30 million, they now apply to more than 23 per cent of that country's total imports—Athens, November 19.

(See *Foreign Trade* of November 8, 1952, for contributions which came into force on October 11. Exporters may obtain information on individual items affected by writing to the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa).

IRELAND

Customs Duties Amended—The Government of the Republic of Ireland has issued an order, effective from October 24, revising import duties on iron or steel wheelbarrows and hand-propelled carts, trucks or trollies and component parts (other than wheels), as shown at Tariff Ref. 129, to 25 per cent ad val. Commonwealth preferential rate and 37½ per cent ad val. full rate (preferential and full rate formerly 25 per cent). Lifting trucks or trollies, stacking trucks or trollies, articles designed for use on rail tracks, and all component parts thereof, are excluded from the provisions of this order.

Another order, effective November 10, extends the flat rate of 33½ per cent ad val., as shown at Tariff Ref. No. 127, to include iron and steel tanks, etc., of a capacity of from 3 to 12,000 gal. Previously, the capacity was from 3 to 50 gal. Accordingly, the duty of 15 per cent ad val., at sub-paragraph (b) of Tariff Ref. No. 127 is now confined to tanks, etc., of a capacity less than 3 gal. and to those of a capacity exceeding 12,000 gal.

An order has also been issued terminating, as from October 24, the suspension of duty on iron and steel fencing material and parts

as shown at Tariff Ref. No. 122. Such articles are again chargeable with duty of 33 $\frac{1}{3}$ per cent ad val. Commonwealth preferential rate and 50 per cent ad val. full rate.

A duty-free licensing provision is attached to all of the above orders—Dublin, November 11.

ISRAEL

Currency Import Ban—The Israel Ministry of Finance, by an order dated June 13, has prohibited the import into Israel of any amount of Israel currency. This prohibition is absolute; there are no exceptions whatsoever. Israel currency held by persons entering Israel will be confiscated at port of entry.

Before the recent currency conversion of June 9, persons entering Israel were allowed to bring into the country a maximum of I£25, the equivalent of US\$70 (US\$2.80 is equivalent to I£1). According to regulations covering the currency conversion, this permission remained in force until June 24—Athens, November 14.

SOUTH AFRICA

Conversion Rate for Hard Currency—The Reserve Bank of the Union recently advised the various commercial banks that hard currency exchange (Canadian and United States dollars), provided against letters of authority or the exchange licences of general import permits, is to be converted at the sight selling rate on the day the exchange is made available, or the covering letter of credit is established.

Previously, the rate of exchange for Canadian dollars for import control purposes was that ruling at date of shipment (see May 24 issue of *Foreign Trade*, page 655)—Johannesburg, November 19.

Labelling of Shipments—The Secretary for Commerce and Industries of the Union of South Africa has advised that, while it is not obligatory, it would be of assistance to the Railways Administration if exporters would indicate the full name and address of consignee on goods shipped to that country. Goods bearing consignee's name and address in an abbreviated form may cause delay in the delivery of the goods at their final destination because the Railways Administration has to complete the name and address of consignee. It is stated that a fee may be imposed some time in the future for such services.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.0256.

Country	Unit	Type of Exchange	Canadian dollar equiv. Nov. 27	Notes (See below)
Argentina	Peso	Preferential buying	·1300	
		Basic buying	·1950	(1)
		Preferential selling	·1950	
		Basic selling	·1300	
		Free	·0702	
Austria	Schilling .....	.....	·0456	
Australia	Pound .....	.....	2·1860	
Belgium-Luxembourg & Belgian Dependencies ...	Franc .....	.....	·0195	
Bolivia	Boliviano	Official	·01625	tax 5% (1)
		Differential	·00979	tax 3% (2)
British West Indies (except Jamaica)	Dollar .....	.....	·5693	
Brazil	Cruzeiro .....	.....	·0527	tax 8% (2)
Burma	Kyat .....	.....	·2049	
Ceylon	Rupee .....	.....	·2049	
Chile	Peso	Official	·03140	(1)
		Commercial	·01624	
		Free	·00795	
Colombia	Peso	Basic	·3900	tax 3% (2)
		Coffee Buying	·4282	
Costa Rica	Colon	Official	·1740	(3)
		Free	·1443	*Sept. 30
Cuba	Peso .....	.....	·9750	tax 2%
Czechoslovakia ...	Koruna .....	.....	·0195	
Denmark	Krone .....	.....		
Dominican Republic	Peso .....	.....	·1412	
Ecuador	Sucre	Official	·9750	(4)
		Free	·0650	
		.....	·0561	
Egypt	Pound .....	.....	2·7998	
Fiji	Pound .....	.....	2·4617	
Finland	Markka .....	.....	·00424	
France	Franc .....	.....	·00279	
French Africa	Franc .....	.....	·00558	
French Pacific	Franc .....	.....	·01533	
Germany	D Mark .....	.....	·2321	
Greece	Drachma .....	.....	·000065	
Guatemala	Quetzal .....	.....	·9750	
Haiti	Gourde .....	.....	·1950	
Honduras	Lempira .....	.....	·4875	
Hong Kong	Dollar	Free	·1515	*Sept. 29
Iceland	Krona	Official	·05987	
		Special buying	·04604	
		Special selling	·03741	
India	Rupee .....	.....	·2049	
Indonesia	Rupiah	Basic	·08553	
		With Surcharge I	·04276	(5)
		With Surcharge II	·02851	
		Dollar certificate	·00182	*Oct. 15

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar Equiv. Nov. 27	Notes (See below)
Iran	Rial	Certificate I	·01193	*Sept. 26
		Certificate II	·01186	*Sept. 26
Iraq	Dinar .....	.....	2·7325	
Ireland	Pound .....	.....	2·7325	
Israel	Pound	Basic	2·7300	
		Special	1·3650	
		Investment	·9750	
Italy	Lira .....	.....	·00157	
Jamaica	Pound .....	.....	2·7325	
Japan	Yen .....	.....	·00271	
Lebanon	Pound	Free	·2739	*
Luxembourg (See Belgium)				
Mexico	Peso .....	.....	·1127	
Netherlands	Guilder .....	.....	·2566	
Netherlands Antilles	Guilder .....	.....	·5170	
New Zealand	Pound .....	.....	2·7325	
Nicaragua	Cordoba	Effective buying	·1477	(6)
		Official selling	·1383	
		With Surcharge I	·1211	
		With Surcharge II	·0970	
Norway	Krone .....	.....	·1365	
Pakistan	Rupee .....	.....	2947	
Panama	Balboa .....	.....	·9750	
Paraguay	Guarani	Basic	·06499	(1)
		With Surcharge I	·04643	(7)
		With Surcharge II	·03250	
Peru	Sol .....	.....	·06270	
Philippines	Peso .....	.....	·4875	tax 17% (2)
Portugal	Escudo .....	.....	·03393	
El Salvador	Colon .....	.....	·3900	
Singapore & Malaya	Straits dollar ..	.....	·3188	
South Africa (Union of)	Pound .....	.....	2·7325	
Spain & Dependencies* ..	Peseta	Basic buying	·04452	
		Basic selling	·08690	(1)
		† Basic commercial selling	·05936	
		Free	·02459	
Sweden	Krona .....	.....	·1885	
Switzerland	Franc .....	.....	·2276	
Syria	Pound .....	.....	·2707	*Sept. 30
Thailand	Baht	Official	·0780	(1)
		Free	·0551	*Sept. 30
Turkey	Lira .....	.....	·3482	
United Kingdom ..	Pound .....	.....	2·7325	
United States	Dollar .....	.....	·9750	
Uruguay	Peso	Official	·6419	
		Basic buying	·5473	
		Special buying	·4149	(1)
		Basic selling	·5132	
		Special selling	·3980	
Venezuela	Bolivar .....	.....	·2910	(8)
Yugoslavia	Dinar .....	.....	·00325	

* Latest available quotation date.

† Since the "Basic selling" rate is for State purchases only, we are now also quoting the "Basic commercial selling" rate.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

The Phoenicians would be fascinated by

BUSINESS & CIVICS DEPT.
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... and Phoenicians wouldn't fascinate easily, because in their time they were a very sophisticated lot. Some 3,000 years ago, they were number one in the trading world. Their little country, now known as Lebanon, was the focal point of camel caravans bearing the riches of the East. From the ports of Berytus (Beirut), Tyre and Sidon, they traded with the countries of the Mediterranean, and ventured even as far as ancient Britain.

Today, Beirut is the commercial gateway to Lebanon, Syria and Iraq, but business is on a scale that would fascinate even the Phoenicians. Along the old camel caravan routes, a network of pipelines pumps oil from the east to the refineries of Lebanon. The man-powered trireme has given way to the airliner, tanker and freighter, trading with countries as far away as Canada, thousands of miles beyond the limits of the Phoenician world.

To expand today's 25 million dollars worth of business with Lebanon, Syria and Iraq, the Canadian Government Trade Commissioner Service has opened a new office at Beirut.

foreign

trade

DECEMBER 13, 1952



Britain's Seaweed Industry (page 7)



Foreign Trade = Commerce Extérieur

We speak two languages... "Foreign Trade" has a French-language twin, "Commerce Extérieur", bringing to Canada's French-speaking commercial community each week facts and figures on business around the world. It contains all the material published in the English-language version.

"Commerce Extérieur" represents the realization of a long-cherished ambition. The first French edition of the "Commercial Intelligence Journal", forerunner of "Foreign Trade", appeared on July 14, 1923. The "Bulletin des Renseignements Commerciaux" was planned as an exact replica of its English brother, and every effort was made to keep it so. Unfortunately, it was soon found impossible to keep pace with the volume of material that crossed the editor's desk. Some of the copy had to be condensed and the number of pages in the French edition reduced.

But it remained the hope of those responsible for getting out these magazines to make them identical, except in language. Everyone in the Department therefore felt a special sense of satisfaction when this goal was fully realized in the October 6, 1951, issue. Since then "Foreign Trade" and "Commerce Extérieur" have published the same material in the same issue and have been mailed to subscribers at the same time.

We are proud of our twin magazines. Naturally, however, we feel that the time and expense involved in getting them out can only be justified by the interest shown. Frankly, we do not consider the number of subscriptions to "Commerce Extérieur" large enough and we are doing our best to bring the French edition to the attention of potential readers.

Some of you may know French-speaking businessmen who are not aware that they can read the variety of information that we publish in their own language. We suggest that they would like to know about "Commerce Extérieur"—and would find it useful in carrying on their business.

—The Editor.



foreign trade

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by U.K. Information

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A Look at World Trade

1949-1952

How has world trade been moving in the last few years? How has the Korean War influenced it? An economist analyzes world trade movements since 1949.

THE estimated value of world exports in 1950 was \$57 billion, approximately \$2 billion higher than in 1949. The Korean War did not affect the aggregate value of world trade significantly in 1950. Among the more important trading nations of the world, only Germany and Japan showed considerable gains in their exports in 1950 compared with 1949. The increase for Germany was 52 per cent and for Japan 61 per cent. This is an example of how local conditions—in this case the recovery of these countries from the war and their re-entry into international trade—influence national trading levels rather than the movement of international trade as a whole.

In the same year, North American exports fell by 11 per cent. Those from Central and South America rose by 15 to 16 per cent, from Europe, exports remained relatively stable showing a slight rise of 2 per cent. Exports from the Middle East rose by 28 per cent, from the Far East by 33 per cent, and from Africa by 5 per cent. Because of the large share North America has in world trade, the overall increase in the total of world exports in 1950 was only 3 per cent above that of 1949.

Rise in Exports

When the full impact of the Korean War on world trade was felt during 1951, with the attendant commodity boom in both sterling and dollar countries, world exports rose very rapidly. In 1951, they were 35 per cent above those of 1950. By areas, it breaks down like this:

Rise in Exports, 1951

North America	30 per cent above 1950
Central America	15 " " "
South America	20 " " "
Europe	39 " " "
Far East	35 " " "
Oceania	45 " " "

Germany and Japan still continued to show the greatest expansion. Germany increased her exports over the 1950 value by 75 per cent and Japan by 65 per cent. In this period, Canadian exports rose by 31 per cent, almost equivalent to the increase in international exports as a whole.

The effect of prices in bringing about the increase of world exports in 1951 was great, but there was nevertheless a substantial increase in the volume of world exports which probably reached their highest point in history during 1951. (Prices are discussed separately below.)

After the post-Korean prices boom, which reached its height in the early part of 1951 and began to subside steadily throughout the remaining months of that year and into 1952, the volume of world exports appears to have been maintained. Figures for the first half of 1952 indicate an annual rate of world exports of about \$77 billion, or \$3 billion below that of 1951. More current figures for the major trading nations suggest that the world level for all of 1952 will show only a moderate decline from 1951. When lower prices are taken into account, it seems reasonable to suppose that the volume of world exports in 1952 will be about the same as in 1951.

During the first nine months of the year, Canadian exports were already 13 per cent above the 1951 value. Special circumstances—such as the poor grain crops of 1949-50 in other wheat-producing areas which enabled Canada to have record exports sales, and the continuing demand for basic raw materials for the western rearmament programs—served to increase Canadian exports further, in spite of the tendencies bringing about a levelling-off in world export trends.

World Imports

World imports in 1949 and 1950 were valued at approximately \$60 billion. The effect of the Korean War on world imports was equally as great as on world exports. World imports in 1951 were over \$81 billion, representing an increase of 37 per cent, against a 35 per cent increase in world exports.

United Kingdom imports alone increased by 39 per cent and Canadian by 33 per cent. It is interesting to note that in 1951, compared with 1950, no country of consequence in world trade suffered a loss in either imports or exports.

World imports in the first quarter of 1952 were running at an annual rate of \$82 billion. North American, European and Middle Eastern imports were slightly lower; those of other major trading areas were up.

Points in Analyzing International Trade

- *Available statistics of world trade do not include China, Soviet Russia, or the Eastern European countries. Some of the figures for other countries included are unreliable.*

- *Theoretically, world imports and exports should be equal. However, because of different systems of classification, (f.o.b. for exports and c.i.f. for imports), the exclusion of some areas from totals of world trade, and different time lags in the recording of trade figures, total exports and total imports show some differences both in absolute values and year-to-year changes.*

- *Movements of trade in different countries often result from local conditions rather than in response to movements in the overall value of international exchange.*

It seems likely that world imports over the twelve months of 1952 may not differ significantly in value from 1951.

During the nine months ended September 30, 1952, Canadian imports (valued in Canadian dollars) were 6 per cent below their value in 1951. This decline is due, in part, to the effects of the freeing of the Canadian dollar.

Rise in Imports, 1951

North America	up 27 per cent over 1950
Central America	13 " " "
South America	48 " " "
Europe	39 " " "
Middle East	21 " " "
Far East	61 " " "
Oceania	25 " " "
Africa	41 " " "

Prices

It is difficult to estimate the effect on international trade as a whole of the prices boom which followed the outbreak of the Korean War. As a result of the rearmament programs, and consequent stockpiling, there was a general commodity boom following the Korean War which did not weaken until about the second quarter of 1951. Since then, prices of many internationally traded commodities have been declining. To take a few examples, rubber, which at the end of June 1950 was 23d. a pound, at the peak of the Korean boom was 73d. and at the end of September 1952 had fallen back to 23d. a pound. Tin, which was 89 cents a pound just before the Korean War, rose to a high of \$1.85 a pound and by the end of September had fallen to \$1.21 a pound. Wool, which was 130d. a pound at the end of June 1950, rose to a high of 317d. a pound at the peak of the Korean boom and, at the end of September, was 138d. a pound. Cotton, lead and zinc show similar rises and declines. Prices for a number of commodities are now back to or below the level of June 1950.

A price movement such as that following the Korean War naturally tends to raise the level of international imports and exports. Out of the total increase of 35 per cent, it is possible that perhaps 20 per cent was due to price movements alone. Even so, there was a considerable volume increase in world trade during this period. From available statistics it would appear that the value of world imports and exports, taken together, will be roughly the same in 1952 as in 1951. However, 1952 prices should, in general, be considerably below those of 1951 as a whole. Therefore it would seem that 1952 may be a record year for the volume of international trade.

Value Remains High

The value of world trade too may be little changed. This is supported by the experience of the leading trading nations of the world. The total trade of the United States is 1 per cent below 1951 in the period January to August; the comparable loss for the United Kingdom is 2 per cent. Japan's trade also has been slightly lower. The international trade of France remained at 1951 levels; that of Canada and Germany exceeded the values in comparable periods of 1951. These countries account for over one-half of total international trade.

While these figures suggest approximate stability of world trade during 1952 as a whole, there is so far evidence of some downward movement during the year. Among the leading trading nations of the world, it does appear that in August 1952 total trade levels were considerably below those of August 1951, and trade was down by 25 per cent. In the comparable months, Canada's total trade increased by almost 8 per cent, but part of this may have been due to unusually large purchases of military items.

There is, however, no question but that the atmosphere of international trade is very different from that in the immediate post-Korean period. At the same time, overall trade totals are being maintained at close to 1951 levels which, in turn, is substantially above earlier years.

—ECONOMICS DIVISION
Department of Trade and Commerce

Mercury and Its Markets

Present supply position is tight and prices moving again toward historic peaks.

WASHINGTON—The demand for quicksilver has intensified recently, with the result that most of the remaining European production for 1952 has been committed. With the tightening of supplies, Spanish and Italian prices advanced sharply—by as much as $8\frac{1}{2}$ per cent during November.

Principal producers of quicksilver are Italy, Spain, the United States, Mexico and Yugoslavia. During World War II, some high-cost production was carried on in Canada, Chile, Peru, Tunisia, Sweden and Turkey. U.S. production capacity is about 20 per cent of total world production (including marginal mines operated only under high price incentives or war emergency) and by far the greatest part of Canada's supplies come from the U.S.

Mercury is chiefly used in electrical apparatus. Recently, it has been employed in the new mercury dry cell, and for industrial and control instruments, including the recently introduced mercury clutch. It is also used in agricultural chemistry, in mercury-boiler plants, and for electrolysis. Other uses are in catalysts, pharmaceuticals, anti-fouling paints, chlorine and caustic soda, and for dental amalgams, etc.

Canada's mercury production was based on two British Columbia mines which were worked intensively during World War II but these operations subsequently closed down because of declining world prices and demand. In an emergency, these mines could assume renewed importance.

Canadian Imports of Mercury

Country of Origin	1950		1951		Jan.-June 1952	
	Pounds	Value\$	Pounds	Value\$	Pounds	Value\$
U.K.	619	789	145	178	....	....
Italy	233,220	185,791	....	....	....	....
Mexico	3,660	3,359	....	....	1,520	3,943
Spain	3,800	3,793	....	....	....	....
U.S.A.	372,706	349,020	308,027	767,141	89,484	256,125
	614,005	542,752	308,172	767,319	91,004	260,068

Canadian Imports of Mercury Salts

U.K. ....	....	3,448	....	10,300	....	13,920
U.S.A. ....	....	918	....	2,148	....	1,335
		4,366		12,448		15,255

Average Prices

At the peak of wartime consumption (1945), the U.S. was using about one-half of world production. Present rate of U.S. consumption—largely because of the big demand from new mercury-boiler plants and for stockpiling—is believed to be almost as high.

Prices of the liquid metal have varied somewhat over the past five years—from an average of about \$80 per 75-lb. flask at New York in 1947-1949 to November 1952 quotations of \$190-\$205. This apparent doubling in value over the past five years is, however, probably less the result of tighter supply and increased demand than of currency inflation. Current demand—barring emergencies—is not expected to increase largely and suddenly but there is little likelihood of appreciable decreases in price.

The increased use of mercury in agricultural chemistry and industrial development in Asia and South America, plus the economic recovery of Germany and Japan, are expected to influence world demand and consumption.

—G. A. BROWNE

Commercial Secretary for Canada

Christmas Tree Harvest

About 2½ million families in the United States will gather on Christmas morning around a tree grown in Nova Scotia and the profit to the province will be substantial. An eight-foot, best quality balsam fir (the only type that may be exported) will sell for up to \$8. Over 180 export licences were granted this year. Sales are usually made through U.S. buyers who visit the growers far in advance of the cutting season in late October. If this year's exports reach the estimated 2½ million trees, it will take 1,200 railway cars to carry them.

United Kingdom

The Seaweed Industry

Research is uncovering new industrial and medical uses for the ubiquitous seaweed that fringes Scottish shores.

LONDON—Plentiful supplies of seaweed around the coasts of Scotland have long suggested that an industry of worthwhile proportions might be based on them. This development, however, depended on scientists uncovering a wide enough field of use, and the devising of suitable harvesting methods.

During the seven years ended in June 1951, the United Kingdom Development Commission allocated about half a million dollars to finance operations of the Scottish Seaweed Research Association. In June 1951 the Institute of Seaweed Research took over the work, which is now financed directly by the Treasury.

The Institute first established that the quantities of seaweed available justified further study. It then followed a program along these lines:

- Expansion of the earlier work in ecology and survey.
- Fundamental and applied algal chemistry.
- Chemical and mechanical engineering as applied to the harvesting and handling of seaweed and the production of seaweed chemicals.

Current Uses

For many years, alginates have been made from seaweed in the United Kingdom and production is increasing rapidly. Chief consumers are the ice cream manufacturers. Sodium alginate derived from seaweed is now used extensively as a gel in cosmetics and foodstuffs, as a stabilizer in ice cream, salad cream, etc., and as a component of films and transparent papers. Other uses are in the creaming of rubber latex, as a sizing in textiles, and as a scaffold fibre in the making of fine wools. Seaweed is also employed as a fertilizer on farms, particularly those which are close to supplies.

Promising Lines

Investigations are proceeding to try and discover further agricultural and medical uses for seaweed and its derivatives. Studies on certain aspects of algal physiology and microbiology are being undertaken, with the fundamental research largely carried out by the universities and scientific organizations. The task of finding commercial outlets for algal chemicals is left to the interested industries.

A number of promising lines are being followed. There are indications, for instance, that seaweed can be used for pig, cattle and poultry feed, and animal feeding stuff manufacturers already report good results. Experiments with sun-dried seaweed as a substitute for molasses in pelleted animal food products have been successful.

In the field of medicine and surgery, "laminarin"—a substance derived from seaweed—has shown possibilities as a substitute for blood plasma and as a surgical powder. Further applications are expected to be developed.

Harvesting Methods

If current promotional efforts succéed, increased demand for seaweed will result. This makes improved harvesting and marketing methods necessary. The types of seaweed being collected in Scotland are chiefly the sublittoral brown seaweeds that are cast up on the shore—the stipe of "*Laminaria Cloustoni*" and the frond of "*Laminaria digitata*". One of the littoral rockweeds, "*Ascophyllum nodosum*", is also collected for processing.

The harvesting of growing weeds has not yet been satisfactorily solved. Experiments have followed the "cutting and entrainment method". The apparatus used in this system is a cutting head rigged for dragging along the seabed and a suction pipe from the cutting head to a water jet pump mounted on the side of a suitable boat. Experiments are continuing.

Sea Mosses

The files of this office show an active interest on the part of Canadian firms handling florists' supplies in a species of sea growth which occurs in the Thames Estuary and which, after being dried, treated and dyed, is used as a floral decoration. Supplies of this material—which is known in the trade under various names, such as "Neptune Fern", "Sea Moss", "Polyps" and "Sea Anemones"—are being regularly exported to Canada, dyed in practically all colours, but mainly green.

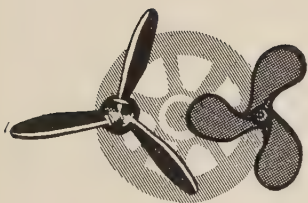
—R. P. BOWER

Commercial Counsellor for Canada

TRANSPORTATION

The Transportation and Communications Division of the Department of Trade and Commerce will be glad to supply shippers and others interested with information on water, rail, air and road transport services to and from Canada.

The Division has compiled a list of the principal Canadian trade routes and of the steamship companies maintaining services on them. To obtain this list and any further help with international transportation problems, write to the Director, Transportation and Communications Division, Department of Trade and Commerce, Ottawa.



TRANSPORTATION NOTES

Kandla Becomes Major Port

BOMBAY, INDIA—The need for an additional major port on the west coast of India, between Bombay and Karachi, became urgent when the sub-continent was partitioned. A large part of India previously served by the port of Karachi had to be provided with a suitable alternative outlet. Kandla in Kutch was chosen by the Government because it is nearest to the hinterland which needs its services. This hinterland contains an area of 275 thousand square miles and a population estimated at 45 million.

Kandla Creek, already operating as a minor port, has ample depth of water for ocean-going ships and well-defined banks with deep water close to the shore. It is exceptionally well sheltered from the southwest monsoon and the port facilities can be expanded.

The present port, built in 1930, was designed to meet only the requirements of isolated Kutch State and the facilities are limited. It has a 300-foot-long reinforced concrete jetty providing a single berth for medium-sized ships and connected with the land by an approach 600 feet long. A narrow-gauge railway connects the port with certain parts of Kutch.

First Stage Completed

Preliminary work has already been completed, including hydrographic, land, and aerial surveys; harbour surveys, covering study of currents, bank slopes, silt and salinity; borings involving a 17-thousand footage on the banks, in the creek, on the bar, and on dry land; and soil tests.

Meteorological and tidal observatories and a soil-testing laboratory have been set up, a scheme for navigational aids in the Gulf of Kutch and in the creek has been devised, and hydrological investigations made of the extensive spill area of mud flats around the port.

Port equipment—barges, launches, tugs and moorings—has been purchased and steel and cast iron pipes are being stockpiled. Specifications and issue of tenders for quay cranes of three, six and ten-ton capacity have been prepared. At Viri, 17 miles from the port, five tube wells, 200 feet deep and eight inches in diameter, have been sunk to obtain a water supply.

Other preparatory steps now completed are:

Embankments for railways and approach roads to the port involving 32 million cubic feet of earthwork and a distance of 34 miles.

Reclamation of 3.5 square miles of land.

Final approval of designs for the main harbour works.

Preparation of estimates of expenditure for the project.

An organization has been set up to supervise the main harbour works and undertake allied works, which are expected to be finished by the middle of 1955.

Facilities Planned

Eventually the port facilities will include:

- Four deep-water cargo berths with a 75-foot wide quay and three railway lines, and fully equipped with the most modern cranes and mechanical handling equipment.

- Transit sheds with 189 thousand sq. ft. of covered floor area with flat roofs adjoining the quay, which will permit direct handling of cargo from ship to ground floor and first floor levels.

- Warehouses with 240 thousand sq. ft. of floor area close to the transit sheds.

- Bridges connecting transit sheds and warehouses at first floor level to permit rapid movement of cargo, with minimum handling.

- A quay with a lighters' wharf, a country craft wharf, and a sixty-ton heavy lift berth.

- Five mooring berths in the stream, one oil berth to take large tankers.

- A floating landing stage for passenger launches, and a floating dry-dock for small craft.

- Ample open stacking grounds, roads and parking places.

All railway arrangements in the port, including the quay, are designed for dual gauge, thus providing for the broad-gauge connection.

All the facilities have been planned with the triple objective of quick turnround of ships, minimum handling of cargo, and rapid movement to and from the transit area. The layout of the first stage of the port is designed to provide full scope for future expansion in line with traffic trends.

The total cost of the project is estimated at Rs.130 million* (approximately \$26 million). The main harbour works, it is estimated, will cost Rs.70 million and the remainder—cranes, mechanical equipment, floating craft, navigational aids, approach roads, railways, staff quarters, water and power supply—Rs.60 million.

Future Developments

The traffic through the port is expected to consist of 450 thousand tons of general cargo and 400 thousand tons of oil a year. This estimate is based on an analysis of the actual traffic handled by Karachi to feed the hinterland of Kandla, and which now moves through Bombay. Additional traffic is expected to result from developments in the hinterland, following construction of the port, and from new rail connections planned for the area.

—BRUCE I. RANKIN

Commercial Secretary for Canada

* One rupee=approx. 20 cents Canadian.

Norway

The Structure of Trade

The United Kingdom continues to be Norway's leading market and principal supplier; Canada buys largely fish products and ferro-silicon; sells the Norwegians grain and minerals.

OSLO—Wood-refining products continue to be the leading Norwegian export—in fact, with high prices and continued demand, they achieved a record in 1951. Outstanding also in Norway's '51 export trade were fish and fish products; animal and vegetable fats, oils and wax; ships; non-ferrous base metals; iron and steel; artificial fertilizers and feeding stuffs. The following table shows the quantities and values of these articles exported during 1951 and 1950.

Exports by Categories

	Tons	1951	Tons	1950
		Million Kr.		Million Kr.
Wood-refining products	860,619	1,331	889,454	651
Paper pulp	558,535	621	546,404	309
Paper and cardboard	302,084	679	224,453	326
Fish and fish products	322,536	599	261,647	454
Herring and other fish	288,004	453	226,113	324
Canned fish products	34,536	146	35,534	130
Animal and vegetable fats, oils and wax	147,685	500	143,180	381
Ships	405,547	448	189,648	120
Non-ferrous base metals	93,772	353	97,347	277
Iron and steel	221,766	250	204,886	200
Artificial fertilizers	858,833	225	794,435	210
Feeding stuffs	135,545	109	73,994	64

Main Markets

The relative importance of the principal markets for Norwegian products varies somewhat from year to year, but the United Kingdom has, for many years, been at the top of the list. The following table indicates total exports by destination in 1951, with comparative figures for 1950.

	1951	1950
	million kroner	
Great Britain and Northern Ireland	876	505
Sweden	371	217
Western Germany	341	315
United States	317	273
Denmark	238	198
France	229	129
Italy	211	94
Netherlands	188	126
Australia	154	57
Brazil	147	81
Panama	144	10



These tiny fishing villages at Reine, Lofoten, Norway, become the busy base of the cod fisheries from January to April each year. Their fishermen help make Norway a leading exporter of fish and fish products.

More than one-half of Norway's exports to the United Kingdom in 1951 consisted of pulp and paper. Other important items included fish and fish products; iron and steel; non-ferrous base metals; fats, oils and wax; feeding stuffs; wood, cork and manufactures thereof; chemicals and drugs. Sweden's main purchases, in order of importance, were: non-ferrous base metals; artificial fertilizers; fats, oils and wax; ships; fish and fish products; and raw and partly manufactured non-metallic minerals. Of total exports to Western Germany, over 40 per cent consisted of fats, oils and wax. Ores and slag and pulp and paper also figured largely. The biggest shipments to the United States were fish and fish products; iron and steel; pulp and paper, and non-ferrous base metals.

The largest import category in 1951 was ships. Main commodity imports comprised fuel and other mineral oil and coal products; iron and steel; non-electrical machinery, apparatus and parts therefor; textiles; grain; yarn and thread; electrical machinery and apparatus; non-ferrous base metals; ores and slag, and wood, cork and manufactures thereof. Quantities and values of these imports in 1951 and 1950 were:

	1951		1950	
	Tons	Million Kr.	Tons	Million Kr.
Ships	637,953	1,157	561,244	949
Fuel and other mineral oil and coal products	3,591,468	668	3,323,839	488
Iron and steel	414,367	444	355,408	294
Non-electrical machinery apparatus and parts therefor .....	....	355	....	316
Textiles	15,458	338	10,670	224
Grain	519,204	309	605,899	302
Yarn and thread	13,935	305	13,953	240
Electrical machinery and apparatus ..	....	225	....	184
Non-ferrous base metals	24,245	213	26,463	150
Ores and slag	438,075	193	419,991	136
Wood, cork and manufactures thereof	....	192	....	60

More than half of Norway's imports in 1951 were supplied by four countries—the United Kingdom, the United States, Sweden and Western Germany. As in former years, the United Kingdom was the most important source of supply with 23 per cent of the total. The United States and Sweden each contributed about 12 per cent, and Western Germany nearly 7 per cent. (The latter has more than doubled her exports to Norway since 1950.) The table below, which lists imports in 1951 and 1950 from the four main suppliers, as well as from a number of other important sources, shows that Canada now ranks ninth in the list (twelfth in 1950).

	1951	1950
	million kroner	
Great Britain and Northern Ireland	1,442	1,073
United States	785	589
Sweden	756	701
Western Germany	423	199
Belgium and Luxembourg	321	100
France	286	314
Netherlands	273	219
Denmark	229	185
Canada	228	88
Finland	126	40
Brazil	117	115
Dutch West Indies	105	110

Leading Imports

Norway's main imports from the U.K. were transportation equipment (locomotives, tractors, automobiles and ships); yarn and thread; textiles; fuel and other mineral oil and coal products; non-electrical machinery and apparatus; electrical machinery and apparatus, and iron and steel. Principal imports from the United States were fuel and other mineral oil and coal products. Other important commodities were grain and grain products; transportation equipment; non-electrical machines and apparatus; textiles; iron and steel; tobacco; seeds, nuts and kernels for oil extraction.

Practically half of Norway's imports from Sweden consisted of transportation equipment, followed by non-electrical machinery and apparatus; wood, cork and manufactures thereof; base metal products; electrical machinery and apparatus; non-ferrous base metals; pulp and paper, and iron and steel. Leading imports from Western Germany were non-electrical machinery and apparatus; iron and steel; transportation equipment; electrical machinery and apparatus, and base metal products.

Trade with Canada

According to official Norwegian statistics, trade with Canada increased remarkably in 1951, with exports to Canada rising from 8·6 million kroner in 1950 to 21 million in 1951, and imports from Canada from 88 to 228·4 million kroner.

Exports to Canada

	1951	1950
	Kroner	
Canned fish and fish products	6,959,910	3,077,500
Ferro-silicon	4,327,137	1,785,500
Ships and boats	1,960,270	nil
Butter	1,369,281	21,900
Staple fibre	1,361,257	680,500
Copper ore	692,000	nil
Fresh, frozen and salted fish	521,831	325,700
Chemicals and drugs	513,653	2,200
Non-ferrous base metals	464,700	355,300
Medicinal cod liver oil	349,282	185,700

The table below shows the main items imported from Canada in 1951 and 1950.

Imports from Canada

	1951	1950
	Kroner	
Grain and grain products	100,547,940	11,760,700
Of which wheat	64,701,087	7,968,000
" " rye	20,842,945	3,729,900
" " barley	10,223,085	62,800
" " wheat flour	4,775,000	....
Nickel copper matte	83,081,284	48,873,000
Alumina	18,167,257	15,288,300
Zinc ore	12,908,609	5,123,900
Other raw base metals	4,375,956	124,500
Carbon and graphite electrodes	3,269,331	882,500
Raw asbestos	1,353,162	1,315,600
Chemicals and drugs	1,197,501	297,600
Rubber and rubber goods	651,510	115,300
Non-electrical machinery and parts therefor.	453,879	271,700
Cotton textiles	398,944	....

—J. L. MUTTER

Commercial Secretary for Canada

Titanium for the Future

LONDON—Imperial Chemical Industries in Great Britain has announced its intention to erect pilot plants in this country which will form a "British source of supply for the development of prototype applications of wrought titanium and its alloys". The United States and Canada are the only other countries in the free world which produce this metal. No information on the planned output of the ICI operation has yet been given.

It is clear from the decision to produce titanium in the United Kingdom that there is confidence in the expanding outlets in engineering generally, and in jet aircraft and jet engine construction particularly. The initial cost of the metal is expected to be high, but it is hoped that volume production and technological improvements will result in lower prices as time goes on. The ICI metals division, the Non Ferrous Metals Research Association and the National Physical Laboratory have already carried out considerable research on this metal.

Supplies of titanium ore are not extensive in the United Kingdom and imports will be necessary. Canada is a possible source, although there are large deposits in India, Australia and Ceylon. United Kingdom statistics do not reveal countries of origin for past imports, but the following figures show the quantity and value of imports for the first nine months of 1950, 1951 and 1952, and illustrate the increased use that is being made of this material.

United Kingdom Imports of Titanium Ores

	1950		(first 9 months) 1951		1952	
	Tons	Value £	Tons	Value £	Tons	Value £
Ilmenite	82,928	415,341	64,814	372,193	83,237	693,722
Other types ..	4,300	33,509	7,253	201,200	6,742	249,060

—R. P. BOWER

Commercial Counsellor for Canada



COMMODITY NOTES

AUSTRALIA

Blue Asbestos—The mining of blue asbestos at Wittenoom Gorge, 700 miles north of Perth, is becoming an important industry for Western Australia. An associate company of the Colonial Sugar Refining Co. began mining blue asbestos fibre at Wittenoom Gorge early in 1943, and the annual value of production now exceeds £500 thousand and may in a few years exceed £1 million.

Fibre is produced in three grades—long and medium for spinning and short for asbestos cement manufacture. Present markets, in addition to Australia, include the United States, the United Kingdom, and several European countries—Melbourne, November 14.

BRAZIL

Coffee—A decree was recently signed by the President tying the minimum price for coffee to the dollar. Under this regulation the minimum price, as determined by decree No. 31087 of July 7, 1952, shall be the equivalent of US\$0.5193 per pound in cruzeiros converted at the official rate of the day for dollar purchases. The decree also established that from March 1, 1953, the price shall be equal to US\$0.5253. Speculation abroad on the possible devaluation of the cruzeiro has led coffee roasters to limit their purchases to spot needs. It is hoped that, with the elimination of any possibility of lower prices in dollars, roasters will again enter the futures market—Rio de Janeiro, November 20.

CHILE

Sulphide—The sulphide plant constructed by the Chile Exploration Company has begun operations. The first unit will permit a gradual increase in copper blister production—Santiago, November 19.

JAPAN

Locomotives—The Government of Chile has signed a contract with a Japanese firm for ten mountain-type locomotives, with delivery to take place after July 1953. The value of the contract is reported to be \$1,315,000. Delivery of the twenty locomotives previously purchased from Japan was scheduled to begin in November—Tokyo, November 10.

NORTHERN IRELAND

Air-Sea Rescue Equipment—An English firm will begin the manufacture of air-sea rescue equipment, including rubber dinghies, life-jackets, etc., this month in a factory at Dunmurry, near Belfast. When the project is in full operation, it will employ more than 300 workers—Belfast, November 12.

SOUTH AFRICA

Tobacco—Bright flue-cured tobacco of the Amarillo type, which has been popular with the tobacco growers of South Africa, is being displaced by Orinoco-type leaf which commands an international preference. More than 87 per cent of the 1952 crop in the Transvaal was in Orinoco; plantings for the present season will be 100 per cent of this type. The Gamtoos area in the Cape Province, a centre for the growing of bright flue-cured cigarette tobaccos, has already converted to Orinoco, and the second area around Oudtshoorn is making the changeover—Cape Town, November 10.

SPAIN

Steel—Production of Siemens Bessemer-type steel in the first seven months of this year was at the annual rate of 870 thousand metric tons, an increase of 60 thousand metric tons over last year's figures. Pig iron production for the period was at the annual rate of 730 thousand metric tons (80 thousand in 1952). Modernization of existing plant and better supplies of raw materials are responsible for these increases, it is reported—Madrid, November 15.

UNITED KINGDOM

Textile Machinery—Canadian firms endeavouring to place orders for textile machinery with manufacturers in Lancashire and Cheshire have been concerned over the delays in delivery. However, there have been indications during recent months of a slight easing in the situation. Most firms are operating steadily but the volume of unfilled orders has declined and the trade hopes this may help to speed up exports. Generally speaking, quicker delivery dates can now be offered—Liverpool, November 10.

Wool Textiles—Improvement in the wool textile industry is continuing, according to the Bradford Conditioning House, acknowledged to be a reliable guide. During October, 7,792,000 lb. weight went through the Department—two million lb. more than during the same period last year.

Bidding was keen at the British wool sales at Bradford last week. Prices were from five per cent to ten per cent up on the last sale at Leicester (two weeks previously) on skin wool, and some 2 million lb. were disposed of in two hours. The next day, some 4 million lb. of fleece wool were sold in just over three hours, some qualities being sold at approximately $12\frac{1}{2}$ per cent higher—Liverpool, November 10.

Western Germany

How Agriculture Is Progressing

With a good grain harvest, imports will be lower in the 1952-3 season. Shortage of feed grain is limiting meat production; the dairy industry faces special problems.

BONN—Although drought towards the end of the growing season reduced earlier estimates, Germany has again had a very good grain harvest. The bread grain crop, at 6·53 million tons, is approximately 0·1 million tons greater than a year ago. The feed grain crop is down by about 0·35 million tons, to 4·78 million tons. Smaller plantings of oats accounted for most of this. Yields of each crop are lower than in 1951 by a combined average of 5 per cent but are still 15-20 per cent above immediate prewar years. Increased acreage (4 per cent above 1951) and greater use of fertilizer (an average increase of 15 per cent over 1951) have been important factors in maintaining total production near the record.

Crop Acreage and Production

	Area seeded (000 hectares)		Yield per hectare		Production (million tons)
	1951	1952	1951	1952	1952
Rye and mixed winter grain	1,354	1,426	23·6	22·9	3·27
Wheat	1,030	1,194	28·6	27·3	3·26
Bread grain	2,384	2,620	25·8	24·9	6·53
Barley	643	706	26·2	24·6	1·74
Oats and mixed summer grain	1,334	1,325	24·9	23·0	3·04
Feed grain	1,977	2,031	25·3	23·6	4·78
Total all grain	4,361	4,651	25·6	24·3	11·31

Bread and Other Grains

During 1951-52 Germany added 1·5 million tons to her grain reserves (other than those on farms) bringing them to a total of 2·8 million tons in June 1952. The Government does not intend to increase this amount during the present economic year. The official plan envisages a total grain import during 1952-53 of 4·1 million tons, compared with 4·8 a year ago. Assuming no change in the bread consumption, this scale of imports will provide an increase in feed grain of about 0·6 million tons. The Ministry of Food, Agriculture and Forestry expresses confidence that, despite the reduction in other feeding stuffs, there will at least be adequate supplies for the important hog industry.

During 1951-52, domestic bread grain deliveries reached a postwar high of 2·8 million tons, of which 1·6 was wheat and 1·2 rye. This

reflected a large increase in the basic fixed price and was encouraged also by early delivery premiums and a policy of providing feed grain in exchange for wheat and rye at a lower price. Rye is continuing to receive additional emphasis because of restricted world supply and high prices. The present program for bread grain imports is 2.2 million tons of wheat and 0.4 million tons of rye. Although the authorities anticipate difficulty in obtaining the rye, they are already assured of the low-priced International Wheat Agreement quota of 1.8 million tons of wheat, provided their dollar position permits it.

Feed grain import needs for 1952-53 are currently set at 1.5 million tons, a reduction of 0.7 million tons from last year. The industry expresses the view, however, that reduced supplies of feed potatoes make some increase urgent.

Grain Policy Unchanged

The Government's action in fixing prices for 1952-53 equal to the revised upward levels of a year ago confirms Germany's interest in continuing to emphasize domestic grain production. Two years ago internal prices were far below the world market. Now they compare favourably. Bread grain prices are set to increase from month to month within the following range:²

	July 1952		June 1953	
	DM per 1,000 kg.	U.S. dollars per bushel	DM per 1,000 kg.	U.S. dollars per bushel
Rye	389	\$2.35	403	\$2.43
Wheat	425	\$2.78	443	\$2.88

Feeding barley has a maximum price of DM375.— per 1,000 kg. (approximately \$1.95 U.S. per bushel).

Agricultural producers express general satisfaction with the present policy. The grain growers have already demonstrated its effectiveness during the current crop year by increasing acreage significantly and using (with the aid of a limited subsidy) much larger quantities of fertilizer. Continued domestic demand for pork has allayed the hog producers' earlier fears that pork production would become unprofitable. There is, however, no suggestion that any notable increase in domestic grain production can be expected in the following crop year.

Meat Production

The official forecast estimates that total meat supplies from domestic sources during 1952-53 will not exceed the 1.84 million metric tons of a year ago. This suggests that decreased hog marketings will be counter-balanced, in the main, by larger quantities of beef. Increased consumer demand and limited possibilities for imports from the soft currency area indicate continuing firm prices.

Cattle at mid-year showed an increase of 3.4 per cent over a year ago and had reached a new high of 11.8 million. The increase a year ago was only 1.5 per cent. Beef slaughterings will probably reach .53 million tons during 1952-53, compared with the previous .49 million tons. The pressure of reduced fodder supplies is expected to speed up early marketings.

² Maximum prices in Price Area IV.

Pork production will probably fall 50 thousand tons from the 1.11 million during 1951-52. Although the number of hogs, at 11.9 million in June, was about 1 per cent less than the all-time record the previous year, this number is again rising. The limitation is feed grain. Despite the Government's assurance that supplies should be adequate for a big domestic hog production, it does not seem ready to follow a policy of further expansion based upon feed grain imports.

Dairy Industry at Crossroads

The Government has repeatedly emphasized that the German dairy industry could do most to increase the nation's food supply without adding appreciably to foreign exchange requirements, particularly hard currency. The industry has, in fact, made steady progress in the last few years. The numbers of milk cows and average yield per cow have gone up each year, so that milk production in 1951-52 (at 15.7 million tons) was, for the first time, approximately 5 per cent greater than prewar. However, despite a milk consumption approaching that of 1935-38, and with consumption of butter and other high protein foods far below, the industry was seriously concerned over the threat of surplus at the beginning of the year.

That problem has disappeared for the coming season. The drought reduced fodder supplies and this will mean lower total milk output. Increased prices have brought a wave of consumer protest. Butter is a particularly vexing problem because of limited European supplies and the German duty is 25 per cent ad valorem.



(Above) Gathering in the grain harvest on a sunny August day at Trier in Western Germany. This year's crop of bread grains was a good one, and 1952-53 imports will probably fall from 4.8 to 4.1 million tons.

The long-term question about the dairy industry's future still remains. Agricultural circles feel confident that an expanded and modernized extension service, the promotion of increased use of fertilizers, aided by subsidies and grassland development, can make possible a continued increase in dairy production. This view is supported by comparisons of average production per cow which places Germany much below the Netherlands and Denmark.

The dairy marketing associations have attempted to raise consumer demand by conducting advertising campaigns. Their appraisal of the results leads them to suggest that the solution lies closer to the industry itself—in improvement of quality. Centralized government action is somewhat hampered because the provinces exercise a large measure of autonomy. The Federal Government did, in the early part of the year, pass a law that raised the minimum fat content of fluid milk sales to consumers from 2.8 per cent to 3 per cent. The easing of the immediate production problem is, however, likely to postpone intensified action on raising milk consumption through quality control at the source.

Parity Prices Advocated

The central farmers' organization, the "Bauernverband", at its annual meeting, decided to submit to parliament an initial application for parity prices for agriculture. It has now announced temporary postponement of this action pending further discussion of the basic issues with the Ministry of Food, Agriculture and Forestry.

The parity program was first talked about in 1951 when a memorandum of needs for the agricultural industry was submitted to the Government. This evoked some pointed criticism from industrial and labour circles on agriculture's dependence upon a controlled economy and protection. The co-operative organizations, notably, have not given any public support to the parity price concept, and it has not yet progressed far enough to be a political issue. However, it has been taken up by certain academic circles and promises to be widely argued. The considerations which the Bauernverband wish eventually to place before the Government appear to be:

- The establishment of a method for appraising the agricultural economy within the framework of the overall economy.
- The fixing of an index to measure revenue in individual sectors of agriculture.
- Fullest exploitation of government policy to ensure the balancing of earnings in agriculture with those in the rest of the economy.

—WM. VAN VLIET
Agricultural Secretary for Canada

TRADE AND TARIFF REGULATIONS

BELGIUM

New Import Restrictions—Belgium has subjected to import licences, effective November 5, 1952, imports from all countries of jams, jellies and marmalades without sugar; certain preserved fruit; iron ore; potassium carbonate; almonds and hazelnuts. All these items have been subject to dollar import restrictions which came into force in September 1951. However, their entry from non-dollar countries has not hitherto been restricted—Brussels, November 18.

BERMUDA

Imports Permitted—The Bermuda Supplies Commission announced on November 17 that cabbage may now be imported from Canada and the United States.

In notices of November 19 importers were advised that special cameras taking third dimensional slides, and all types of built-in electric wall heaters, may also be imported from Canada and the United States.

EGYPT

Exchanges Notes with Canada—By an exchange of notes on December 3, 1952, Canada and Egypt extended to each other most-favoured-nation treatment. The agreement is to remain in force until superseded by another agreement or until six months after notice of termination is given by either government to the other. No agreement existed before the present exchange of notes.

As a result of the agreement, Canadian goods imported into Egypt will be accorded tariff treatment equal to that accorded to any other foreign country, excluding any special privileges given to any countries adjoining Egypt and to members of the Arab League. In return, Egypt receives the benefit of Canada's most-favoured-nation column of rates of duty.

The Egyptian tariff, comprising a single schedule, offers no customs preference to the products of any country. However, the Egyptian law of 1930 levied a surtax of 100 per cent on goods from countries with which Egypt had not concluded a customs agreement. While this surtax has never been imposed on Canadian goods, an Egyptian Decree of April 28, 1952, effective October 28, 1952, provided for the rigid enforcement of the law against all countries which did not have an agreement with Egypt.

During the first nine months of 1952 Canada sent goods to Egypt valued at approximately \$5.5 million, consisting chiefly of wheat flour, wheat, motor vehicles, newsprint and asbestos. Imports from Egypt amounted to about \$700 thousand in 1951, mainly uncleaned rice and raw cotton.

INDIA

Import Control Policy Announced—When the Government of India announced in June, 1952, its import licensing policy for the second half of the calendar year, certain items were reserved for further consideration. Licensing policy on approximately thirty of these commodities has now been announced in a notification of November 15.

Items which may be imported under Open General Licence from the dollar currency area (Canada and the United States) include: roller bearings, taper bearings, component parts of power-driven pumps, scientific and surgical instruments not made of rubber or glass.

Imports from dollar countries requiring specific licences, which will be issued subject to quota, are as follows (the amount of the quota in each case is indicated after the commodity): leather belting, 20 per cent of the basic period; parts of petrol and kerosene engines, 100 per cent, or 10 per cent on the basis of complete engines; outboard motors, 10 per cent; centrifugal pumps and/or pumping sets with horizontal spindle having delivery outlet above 6" in diameter, 75 per cent; centrifugal pumps and/or pumping sets with vertical spindle, 75 per cent; noncentrifugal pumps and/or pumping sets with vertical spindle, 75 per cent; typewriter parts, 100 per cent, or 10 per cent on the basis of complete typewriters; radios and parts thereof, 10 per cent, or 5 per cent on the basis of complete radios; fire fighting equipment other than extinguishers, hose and ladders, 10 per cent; lenses, 20 per cent; unspecified optical instruments, apparatus and appliances, 40 per cent; scientific glassware, 50 per cent; unspecified scientific and surgical instruments made of rubber, 40 per cent.

Specific licences issued on a six months' basis will be valid for shipment up to June 30, 1953, irrespective of date of issue. Licences issued for a period of twelve months will be valid for twelve months from the date of issue—New Delhi, November 19.

LEEWARD ISLANDS

Foot and Mouth Regulations—The Colonial Secretary, Leeward Islands, advised on November 18 that the restrictions against imports of Canadian meats and other animal products have now been withdrawn by Antigua, St. Kitts-Nevis, and Montserrat.

NORWAY

Customs Tariff Modified—Various modifications in customs duties are incorporated in a new consolidation of the Norwegian customs tariff covering the fiscal year July 1, 1952, to June 30, 1953, which has just been published. The modifications include some tariff reductions and changes from specific to ad valorem rates of duty. Certain increases in duties have also been made.

No major Canadian export items to Norway were affected by the modifications. However, the changes which may be of interest to Canadian exporters include a reduction in the duty on certain porcelain insulators, and increases applicable to patent leather and rubber hose.

The measure also provides for special rates of duty including surtax on a number of articles imported by travellers for their personal use.

(Exporters may obtain information on individual items affected by the modifications from the Foreign Tariffs Division, Department of Trade and Commerce, Ottawa.)

SWITZERLAND

Tariff Reductions on Unassembled Automobiles—Import duties will be reduced, effective January 1, 1953, on passenger automobiles imported in detached parts for assembly in Switzerland, by virtue of a federal decree of November 18, 1952. In order to benefit by the reductions, importers must prove that elements of Swiss manufacture will represent at least 15 per cent of the value of the foreign materials.

The following table shows the full and reduced rates in Swiss francs per 100 kilos; the weights per automobile indicated are those of vehicles fully assembled and in working order:

(One Swiss franc equals about 22.87 cents Canadian; 100 kilos equal 220.46 pounds.)

	Full rate (Applicable to all countries)	Reduced rate
Passenger automobiles weighing each:		
Under 800 kilos	110	60
800 to 1,200 kilos inclusive	130	60
Over 1,200 to 1,600 kilos inclusive	150	75
Over 1,600 kilos	170	85

If the elements of Swiss manufacture constitute less than 15 per cent of the value, the above rates will be increased by two francs per 100 kilos for each per cent less. If they constitute less than 10 per cent, the full rates apply—Berne, November 29.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Foreign Trade Service Abroad

† Indicates a change since previous publication.

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

TERRITORY	OFFICER	CITY ADDRESS	MAIL AND CABLES, OFFICE TELEPHONE
Argentina Paraguay Uruguay	C. S. Bissett, Commercial Counsellor W. B. McCullough, Agricultural Secretary	Canadian Embassy, Bartolome Mitre 478, BUENOS AIRES	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies Australia (Victoria, South Australia, Western Australia, Tasmania)	C. M. Croft, Commercial Counsellor for Canada R. W. Blake, Commercial Secretary for Canada and Agricultural Secretary	City Mutual Life Building, 60 Hunter Street, SYDNEY 83 William Street, MELBOURNE	<i>Mail:</i> P.O. Box 3952 G.P.O. <i>Cable:</i> CANADIAN <i>Tel.:</i> BW 9351 <i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> MU 4716
Belgian Congo Angola, French Equatorial Africa	W. Gibson-Smith, Canadian Government Trade Commissioner	Forescom Building, LEOPOLD VILLE	<i>Mail:</i> Boite Postale 373 <i>Cable:</i> CANADIAN <i>Tel.:</i> 2706
Belgium Luxembourg	T. J. Monty, Commercial Secretary	Canadian Embassy, 35 rue de la Science, BRUSSELS	<i>Mail:</i> (City Address) <i>Cable:</i> CANADIAN <i>Tel.:</i> 11-33-88
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Venezuela Colombia	Vice-Consul of Canada and Acting Agricultural Trade Commissioner		

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.029.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 4	Notes (See below)
Argentina	Peso	Preferential buying	.1295	
		Basic buying	.1943	(1)
		Preferential selling	.1943	
		Basic selling	.1295	
		Free	.0699	
Austria	Schilling		.0455	
Australia	Pound		2.1800	
Belgium-Luxembourg & Belgian Dependencies ...	Franc		.0194	
Bolivia	Boliviano	Official	.01619	tax 5% (1)
		Differential	.00967	tax 3% (2)
British West Indies (except Jamaica)	Dollar		.5677	
Brazil	Cruzeiro		.0525	tax 8% (2)
Burma	Kyat		.2044	
Ceylon	Rupee		.2044	
Chile	Peso	Official	.0313	(1)
		Commercial	.01618	
		Free	.00795	
Colombia	Peso	Basic	.3886	tax 3% (2)
		Coffee Buying	.4267	
Costa Rica	Colon	Official	.1734	(3)
		Free	.1443	*Sept. 30
Cuba	Peso		.9716	tax 2%
Czechoslovakia ...	Koruna		.0194	
Denmark	Krone			
Dominican Republic	Peso		.1407	
Ecuador	Sucre	Official	.9716	
		Free	.0648	(4)
			.0558	
Egypt	Pound		2.7899	
Fiji	Pound		2.4550	
Finland	Markka		.00422	
France	Franc		.00278	
French Africa ...	Franc		.00556	
French Pacific ...	Franc		.01528	
Germany	D Mark		.2313	
Greece	Drachma		.000065	
Guatemala	Quetzal		.9716	
Haiti	Gourde		.1934	
Honduras	Lempira		.4858	
Hong Kong	Dollar	Free	.1515	*Sept. 29
Iceland	Krona	Official	.05966	
		Special buying	.04588	
		Special selling	.03728	
India	Rupee		.2044	
Indonesia	Rupiah	Basic	.08522	
		With Surcharge I	.04261	(5)
		With Surcharge II	.02841	
		Dollar certificate	.00182	*Oct. 15

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 4	Notes (See below)
Iran	Rial	Certificate I	·01193	*Sept. 26
Iraq	Dinar	Certificate II	·01186	*Sept. 26
Ireland	Pound .....	.....	2·7250	
Israel	Pound	Basic	2·7250	
		Special	1·3602	
		Investment	·9716	
Italy	Lira .....	.....	·00156	
Jamaica	Pound .....	.....	2·7250	
Japan	Yen .....	.....	·0027	
Lebanon	Pound	Free	·2725	*
Luxembourg (See Belgium)				
Mexico	Peso .....	.....	·1123	
Netherlands	Guilder .....	.....	·2557	
Netherlands Antilles	Guilder .....	.....	·5152	
New Zealand	Pound .....	.....	2·7250	
Nicaragua	Cordoba	Effective buying	·1472	(6)
		Official selling	·1378	
		With Surcharge I	·1207	
		With Surcharge II	·0967	
Norway	Krone .....	.....	·1360	
Pakistan	Rupee .....	.....	·2937	
Panama	Balboa .....	.....	·9716	
Paraguay	Guarani	Basic	·06476	(1)
		With Surcharge I	·04626	(7)
		With Surcharge II	·03238	
Peru	Sol	Certificate	·0625	
Philippines	Peso .....	.....	·4858	tax 17% (2)
Portugal	Escudo .....	.....	·0338	
El Salvador	Colon .....	.....	·3886	
Singapore & Malaya	Straits dollar ..	.....	·3179	
South Africa (Union of)	Pound .....	.....	2·7250	
Spain & Dependencies ...	Peseta	Basic buying	·04436	
		Basic selling	·08659	(1)
		† Basic commercial selling	·05915	
		Free	·02450	
Sweden	Krona .....	.....	·1878	
Switzerland	Franc .....	.....	·2268	
Syria	Pound .....	.....	·2707	*Sept. 30
Thailand	Baht	Official	·0777	(1)
		Free	·0551	*Sept. 30
Turkey	Lira .....	.....	·3470	
United Kingdom ..	Pound .....	.....	2·7250	
United States	Dollar .....	.....	·9716	
Uruguay	Peso	Official	·6396	
		Basic buying	·5458	
		Special buying	·4134	(1)
		Basic selling	·5113	
		Special selling	·3965	
Venezuela	Bolivar .....	.....	·2900	(8)
Yugoslavia	Dinar .....	.....	·00324	

* Latest available quotation date.

† Since the "Basic selling" rate is for State purchases only, we are now also quoting the "Basic commercial selling" rate.

NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Costa Rica: Official rate applies to all Costa Rican exports.
4. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
5. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
6. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
7. Paraguay: Basic rate applies to all Paraguayan exports.
8. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

On December 27
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the East
with reports
prepared by
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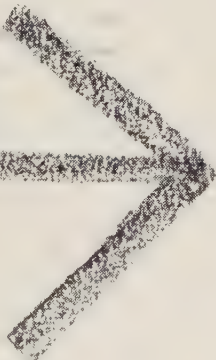
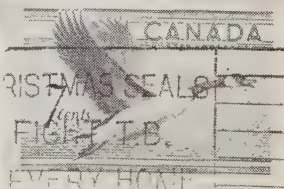
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foreign trade

DECEMBER 20, 1952



Season's Greetings
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at home and abroad



foreign trade

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The Swedish Retail Market

Imported goods, especially canned foods, sell well in Swedish stores. Canadian exporters might increase sales there, despite current restrictions on dollar imports.

STOCKHOLM—The retail market in Sweden is as complex and competitive as it is in Canada. Sweden still relies heavily on foreign countries to supply her consumer goods, but domestic manufacturers (some of them under foreign control) are producing an ever-increasing range.

The industrialization of Sweden and the consequent shift in population from country to city has increased the demand for imported goods. Trade has grown with the steadily increasing standard of living. Today Sweden has a highly organized retail business, with a greater variety of goods than one finds in most European countries. Imports of finished consumer goods are relatively large, measured by European standards, particularly in the grocery and dry goods lines. The increasing restrictions on dollar imports have favoured non-dollar suppliers.

Bulk goods have gradually disappeared from grocery shelves and nearly all foods today are ready-packaged. Self-service grocery stores are still a novelty in Sweden but they are rapidly increasing.

The Co-operative Movement

The co-operative movement plays an important role in Sweden. Co-operatives carry on 14 per cent of the retail and 10 per cent of the wholesale business and sell both to members and non-members. The huge Co-operative Association, backing its 8,149 stores, manufactures or imports most of the commodities sold through the co-ops. The association owns factories which make many kinds of goods. The table illustrates the extent of the Co-operative Association's manufacturing activity by showing its share of the total Swedish production in certain lines:

Product	Co-op percentage
Household margarine	30
Edible oil	90
Wheat flour	22
Oatmeal	23
Macaroni	29
Rubber products (total rubber used)	15
Work clothes	20
Electric bulbs	50
Nitrogen fertilizers	30
Wood-fibre sheets	10

To compete with this mammoth enterprise, private stores have had to organize themselves to a great extent, co-ordinate their purchases, and put up their own factories. One organization, owned by 11 thousand private retailers, manufactures, imports and distributes for its 11 thousand owners, yet it does not have as large an annual turnover as the Co-operative Association.

There are several large chains. The Ahlen & Holm Company operates a chain of 5 & 10 cent stores, most of which also have a separate self-service food market. Ahlen & Holm also have the largest mail-order house in Sweden and the combined turnover for 1951 was 105 million krone. Nordiska Kompaniet is another large company with general department stores and food chain stores. The big chains do 8 per cent of all retail business.

In studying Swedish retail statistics, it is important to keep in mind the steady increase in prices which has taken place. From December 1950 to December 1951, the cost of living went up by 19.3 per cent. (Most wages and salaries are tied to the cost-of-living index.) In 1952, living expenses continued to rise. The recent fall in prices of certain imported raw materials—such as wool, rubber and lead—has now slowed down the price rise. Clothing has actually become cheaper but that is mostly because of over-production forcing store owners and wholesalers to cut their profits on clothing and leather goods. Food prices are still rising, however, and house-owners have recently been allowed to increase rents by 7 to 9 per cent.

Competition

It is generally easier to sell imported goods on the Swedish market than to sell a locally manufactured product. Import restrictions have limited purchases from abroad to first-class goods, and thus the fact that a commodity is imported is in itself a recommendation. This is even more true about goods imported from dollar countries. Advertising of imported consumer goods is usually unnecessary. Store owners, particularly in the grocery line, give imported goods top place in their show windows, secure in the knowledge that they will attract customers. A large specialty food house is currently featuring Canadian canned lobster.

The grocery business is probably the foremost purchaser of consumer goods from dollar countries. Canned fruits, vegetables, sea food, salad dressing, flavouring and spices with U.S. brand names are found in many stores. They have been imported through barter or triangle deals. All the popular American cigarettes seem to be in unlimited supply and sell for almost the same price as Swedish brands. One example of imported goods is Kellogg's Corn Flakes. They are packed at Kellogg's factory in England and, in spite of high transportation costs, can compete favourably with domestic brands.

Sweden's decreasing export income has already brought a stricter import policy but some consumer goods from the dollar area are still entering.

It seems obvious that Canadian canned goods should be able to find a market in Sweden on the same terms as U.S. brands. Certain automobile accessories, tobacco, new drugs, toys, etc., things for which the Swedish Government will seldom issue import licences for dollars, might have a chance of entering the Swedish market through private compensation arrangements which Swedish importers sometimes make. Canadian businessmen might find it worthwhile to investigate this possibility.

Ecuador's

Export

Record



—Grace Line Photo

Bananas, Ecuador's leading export this year, are loaded aboard the "Santa Isabel" at Guayaquil.

BOGOTA—Ecuador is heading for a record year in foreign trade, with exports exceeding imports by an estimated \$16·5 million. This marks a distinct improvement over 1951 when the unfavourable trade balance was over \$6 million. Credit for the 1952 record goes mainly to good crops coupled with high prices abroad for the country's principal exports—coffee, cacao, bananas and rice. Lower imports because of heavy inventory carryovers from the previous year and declining prices in many lines of consumer goods also helped. For the first time, bananas have become the leading export and it is expected that shipments for the year will exceed 16 million stems.

With fewer than a dozen items on the prohibited list, foreign merchandise finds a ready market, although a high (44 per cent) premium must be paid for foreign exchange for goods officially listed as non-essential.

Recently the Central Bank of Ecuador issued the following trade estimate for the year:

	Millions of U.S. dollars
Exports	
Bananas	\$21
Coffee	20
Cacao	17
Rice	8
Panama hats	2
Miscellaneous	11
Total	\$79
Imports	
Merchandise and raw materials	57
Invisibles	5·5
	\$62·5
Surplus of exports	\$16·5

This prosperous foreign trade was reflected in the internal finances of the country and sucres (1 sucre=approx. .06 cents) in circulation in the third quarter passed the one billion mark for the first time in the country's history. Reserves of foreign currency on September 30 stood at \$32 million, compared with \$26 million a year earlier. Yet businessmen in general appear to have an attitude of caution engendered by political causes. The present regime has only been in power a few months and its fiscal and monetary policies are not clear. The banks are extremely cautious about giving credit and domestic collections are still slow.

Diversification of Crops

Until 1922, Ecuador's foreign trade depended almost entirely on one agricultural product, cacao, which represented 85 per cent of its exports. Then pest destroyed the plantations, reducing production by two-thirds. Thanks to improved methods of combating pest and higher prices brought about by World War II, cacao has made a substantial comeback. The volume is still below the pre-1922 level but because of the upsurge in prices the returns are many times higher.

The tragedy of cacao in the 1920's and 1930's, however, served to focus attention on alternative crops and accounted for the greater cultivation of coffee, rice and bananas. Today the country's economy is more diversified and also much healthier. The destruction by pest of many banana plantations in Central America, plus high prices, has served to stimulate production in Ecuador and bring it to record heights.

Some Problems

The happy situation in cacao, rice, coffee and bananas should not obscure certain less favourable aspects of the economy. The market for "Panama" hats (Ecuador is their home, they are not made in Panama) has declined so drastically that it has brought disaster to those sections of the country dependent on their production. In recent years oil production (almost all the petroleum is in the British-owned fields on the southern coast) has not kept pace with increased consumption and some gasoline now has to be imported. Before 1949 it was all produced locally.

Another negative element is the increasing erosion in the wheat-growing highlands. This, combined with an increasing population, has meant not only the import of flour for the lowlands but also the import of wheat for the highlands.

New Industries Developing

Textile manufacturing is the leading industry and is located in the highlands within a reasonable radius of Quito. However, there are signs of industrial activity in other directions. In June a flour mill using the latest British machinery was inaugurated at Guayaquil, with a capacity of over 100 tons a day. In Riobamba, the fifth city of Ecuador, a new ceramic plant is being built and before long a large hydro-electric plant and the country's second cement plant will be constructed there.

In Guayaquil, Ecuador's principal port, a plan to move the docks from the present waterfront on the turbulent Guayas River to the quiet estuary of the Pacific two miles on the other side of the city has already

reached the blueprint stage. There is also an ambitious plan to bridge the river to connect the city with the terminal of the Quito railroad, in the town of Duran on the other side.

Both these projects call for the expenditure of some millions of dollars which the national treasury cannot provide. Hopes have been expressed that the International Bank for Reconstruction and Development may come forth with an adequate loan. However, Ecuador's record in international finance is not a good one. Of the total foreign loans outstanding of \$29.4 million, \$12.5 million represents the remainder of a railway building debt to the United Kingdom on which no payments have been made since 1929. Many Ecuadorean financiers feel that the country's chances of receiving foreign aid would be enhanced if the Government undertook a program of orderly foreign debt retirement.

Prospects Good

Provided that there is no blight to the crops and world prices are maintained at approximately their present levels, 1953 should be even a better year. As the Previsora National Bank of Credit, the Republic's largest commercial bank, reported at the end of September: "We think that the status reached by the international economic position of Ecuador is one of the most favourable in South America. Although the country is small and the volume of its trade is correspondingly of small size, specifically our economy is sound, well diversified in its sources, strongly backed by substantial exchange reserves, and last but not least, it has shown a remarkable elasticity to change from one type of cultivation to another in a brief period, when local reasons have enforced such changes or when international markets closed their doors to some of our exports".

—WILEY J. MILLYARD

Canadian Government Trade Commissioner

SOUVENIRS FOR THE CORONATION

Regulations governing the making and selling of Coronation souvenirs which use royal emblems and photographs were recently issued by the Department of the Secretary of State. They permit the use of the Royal Arms, the Royal Cypher, the Crown, the Royal Standard, and approved royal photographs, in souvenirs of a permanent nature. Articles of this description, generally, could be manufactured, advertised and distributed in 1952, but their retail sale is permitted only from January 1, 1953; calendars and diaries, however, may be sold now; candy and confectionery boxes bearing photographs of the Queen or the Duke of Edinburgh may be sold from January 1, 1953, to August 31, 1953.

The use of photographs of members of the Royal Family other than of the Queen and the Duke of Edinburgh is not permitted. Approved photographs of the Queen and the Duke of Edinburgh may be reproduced in souvenirs of a permanent type and in calendars, greeting cards, souvenir pictures and similar articles, but not in ashtrays, tea trays or similar wares. The users of photographs must themselves settle the question of copyright.

United States

How the Farmers Are Faring

With a net income of \$15 billion in '51, U.S. farmers are buying goods and services that help to raise living standards. Here is data on most prosperous areas, as a guide to exporters.

WASHINGTON—Agriculture plays an important role in the economy of the United States and United States farmers and their families constitute an important market for many kinds of commodities.

The gross farm income in 1951 was about \$37.5 billion. Expenses for the production of agricultural commodities amounted to \$22.5 billion, leaving a net income of about \$15 billion. It is estimated that for 1952 the net farm income will about equal that of 1951. However, these incomes vary considerably from one area of the country to another and these differences are reflected in the standards of living for farm families.

The last few decades have seen great changes in rural living. The proportion of farm dwellings in the United States lighted by electricity increased from 13 per cent in 1930 to 79 per cent in 1950. In 1950, 93 per cent of the farms had radios and 3 per cent had television sets. The proportion of farm dwellings with running water rose from 10 per cent in 1920 to 42 per cent in 1950. The number of farm telephones is increasing rapidly as a result of loans provided by the Federal Government. In 1950, about 63 per cent of the farmers had automobiles and 64 per cent of the farms were served by all-weather roads.

Farm Assets

Liquid financial assets of United States farmers on January 1, 1952, amounted to \$20.5 billion, the highest figure ever reached. This total was divided as follows: currency, \$3.7 billion; demand deposits, \$7.6 billion; time deposits, \$3.9 billion; United States Savings Bonds, \$5.3 billion. Demand deposits increased about 7 per cent during the year 1951 and currency and time deposits owned by farmers increased 3 per cent and 2 per cent respectively. The value of United States Savings Bonds held by farmers was about the same on January 1, 1952, as it was one year earlier. Farmers' financial assets also include \$2.4 billion invested in co-operatives.

The value of United States farmers' physical assets on January 1, 1952, was: real estate, \$94.6 billion; livestock, \$19.6 billion; machinery and motor vehicles, \$15.3 billion; household furnishings and equipment, \$7.7 billion; crops stored on and off farms, \$8.8 billion. The total assets of American agriculture amounted to \$169.9 billion on January 1, 1952.

Farmers, of course, purchase a wide variety of production and consumer goods, among them lumber and other construction materials. In 1949, the purchase of materials for construction and repair of farm houses

and service buildings involved the expenditure of many millions of dollars. During that year, 94 thousand new farm homes were built and 914 thousand were improved. During the same year, a total of 877 thousand new farm service buildings—barns, poultry and hog houses, granaries, corn cribs, machine sheds, garages, etc.—were constructed, 337 thousand were remodelled, and 1,239,000 repaired.

Farm Population and Production

Of the 150,700,000 people in the United States in 1950, 61,800,000—or about 40 per cent—were classified as rural people.* Of these, 23,300,000 lived on farms and the other 38,500,000 lived in rural areas but not on farms.

There were 5,770,000 farm families in the United States in 1950 with 9,268,000 children under 18 years of age. The average number of children per farm family was 1·6, compared with 1·1 in urban families.

If one index of increasing farm prosperity is the increase in the number of farm operators who own their land, then United States farmers are becoming more prosperous. In 1930, the percentage of farms operated by owners was 57·6; in 1950, 73·3.

Tractors are rapidly replacing horses and mules on United States farms. In 1930, there were 19,124,000 horses and mules and 920 thousand tractors. In 1951, the number of horses and mules had fallen to 7,067,000 and tractors had increased to 3,940,000. In the same 21-year period, milking machines increased from 100 thousand to 655 thousand, grain combines from 61 thousand to 810 thousand, and corn pickers from 50 thousand to 522 thousand.

The significant improvements in the production of agricultural commodities have meant higher incomes for farm operators and higher levels of living for farm families.

One significant measure of the relative prosperity of farmers in different areas is the standard of living of farmers and their families in these areas.

The fifteen states with the highest indexes of farm level of living in 1950 were:

Iowa	178	Nebraska	157
Connecticut	175	Illinois	156
New Jersey	172	Washington	154
California	170	Kansas	152
Rhode Island	166	New Hampshire	151
New York	160	Oregon	150
Massachusetts	158	Vermont	150
Delaware	158		

The fifteen states with the lowest indexes of farm level of living were:

Mississippi	57	Kentucky	86
Alabama	64	West Virginia	87
Arkansas	68	Virginia	99
South Carolina	76	Oklahoma	105
Tennessee	78	Florida	105
Georgia	80	Missouri	114
North Carolina	80	Texas	127
Louisiana	82		

The indexes for other states fall within the range of 130 to 149.

* The United States population can also be divided as follows: In open country, 35 per cent; in incorporated towns under 2,500, 6 per cent; in towns of 2,500 to 10,000, 9 per cent; in centres of population of more than 10,000, 50 per cent.

The items on which these farm-operator family level of living indexes were based are:

- Percentage of farms with electricity.
- Percentage of farms with telephones.
- Percentage of farms with automobiles.
- Average value of products sold or traded in the year preceding the census (adjusted for changes in purchasing power of the farmer's dollar).

It is an interesting fact that the areas which ranked the highest in farm-operator family level of living in 1950 were, in the main, largely those with the higher level of living in 1945. Conversely, those areas where farmers had the lowest level of living in 1950 were nearly all those with the lowest ranking in 1945. These facts indicate that the areas in which farmers, in 1950, had the highest incomes and were better served by electricity, telephones and automobiles had not profited solely from abnormal postwar conditions. A combination of good land, suitable climate, lower marketing costs and better management have been responsible for greater prosperity over a long period of time for the farmers in the better areas.

As the indexes for the various states were the average for the state as a whole, there were, of course, districts within states where farmers had a much higher level of living than those in other districts of the same state.

Changes in Basic Social Customs

With the changes in farm production caused by greater use of science—including machines, fertilizer, improved insecticides, seeds and breeds—and with rising living standards, have come many basic social changes. One of the most important is the increased reliance of farmers upon organized activities. These include the co-operatives, crop insurance, group hospitalization, crop and livestock associations, and other farmers' organizations. Agricultural programs designed to keep farmers informed about recent research findings are being carried out through farmers' committees. All this reliance upon organized activities has brought about a decline in traditional mutual-aid practices such as exchange of farm work among neighbours during rush seasons, the rebuilding of barns which have been destroyed, and sometimes the planting and harvesting of crops.

There has been a gradual decline in the importance of small local trading centres and an increased reliance on larger trading centres. The dependence of rural families on farm machinery and the mechanical household conveniences makes it necessary for them to keep in touch with the larger centres because it is there that they usually buy their farm and household equipment and have it serviced. Moreover, the larger trading centres have the hospital, the motion picture theatre, the consolidated high schools, the local representatives of agricultural and public health agencies, the farmers' co-operatives and other services and activities which have become essential to modern rural living.

Rural isolation is generally declining as roads are improved, electric lines lengthened, and as the general reliance on technology increases.

—W. C. HOPPER
Agricultural Counsellor for Canada



The Showroom in '53

The latest designs in Canadian boats and furniture will lead off the 1953 displays in the Canadian Showroom, Rockefeller Center, New York. Opening on or about January 7, the show—one in a series featuring Canadian products and manufactures—will be on view until the end of February.

Planning this exhibit presented something of a problem because of the limited space in the Showroom and the difficulty of getting large objects through medium-sized doors. Only smaller boats, in the 11½ to 14 foot class, will be shown; anything larger would mean removing the plate glass windows. (Canadian boat manufacturers are, however, building boats in all the standard sizes.)

Constructed of longitudinal cedar strip, moulded plywood, aluminum and fibreglas, the outboard boats featured in the exhibit are suitable for motors up to 25 h.p. They are fitted with luxury accessories and trim. Large photographs of the various types of yachts made by a well-known Maritime firm (builders of the famous *Bluenose*) will form an attractive background for this part of the exhibit.

Canada has over 200 plants producing small watercraft—row-boats, canoes, sailboats, motor boats, etc.—and, according to the latest figures, annual production reaches a value of more than \$6 million. During the first nine months of 1952, exports to the United States of boats, canoes and parts (including gasoline launches and yachts) brought in \$649 thousand.

A cross section of Canadian household and commercial furniture will share the Showroom with the watercraft. Many of the component parts which go into the construction of this furniture will also be featured.

The Canadian furniture industry is producing a wide range of household, office, school, theatre and auditorium furniture. Our factories are also turning out fine church furniture which has been well received in the United States market. Purely Canadian designs have been developed and recognized by the Design in Industry branch of the National Gallery.

The furniture industry in this country has almost tripled since the war and the gross value of its products has gone up by about five times. Figures for 1950 show some 1,207 firms, with a production totalling over \$172 million and employing over 27 thousand

people. Approximately 40 per cent of the plants are in Ontario, chiefly in the southwest, 31 per cent are in Quebec, 27 per cent in the western provinces, and 2 per cent in the Maritimes.

Generally speaking, Canada sells to other countries principally office, school, and theatre furniture and specialty items, and the industry is keenly interested in expanding its export trade. Products of distinctly Canadian design are popular in the U.S. market.

Machinery at Liege

Machines, machinery and manufactured goods for mines, metallurgy, mechanical and electrical engineering will be featured in five specialized exhibitions at the 5th Liege International Fair April 25-May 10, 1953. The themes of these collective displays, supplementing the exhibits in the regular 20 industrial groups, will be:

- Coal-getting in mines by mechanical means and by explosives.
- Equipment and products of iron-smelting industries.
- Power engines.
- Food industry equipment.
- Electronics in industry.

Exhibitors are given the choice of showing their products in one of the 20 industrial groups or in one of the five specialized exhibitions. Details can be obtained from the Counsellor of the Belgian Embassy in Canada.

C.I.T.F.

The Canadian International Trade Fair has "come of age". It has been accepted by the International Fair Union which requires of its members five or more years of continuous and successful operation.

Bulk of the early space bookings for the 1953 CITF are from Canadian exhibitors—78,840 square feet. United Kingdom exhibitors come second with 26,280 square feet. Space sold so far totals 105,680 square feet, compared with 20,320 at this time last year.

Special efforts are being made to attract more Canadian and U.S. business visitors to the Fair this year. May we remind you of the dates—June 1-12, 1953.

Earls Court Goes Agricultural

Once a year over 11½ acres of Earls Court "goes agricultural", that is when the Exhibition Hall there houses the Smithfield and Agricultural Machinery Show. This year nearly 1,500 animals—cattle, sheep and pigs—were brought from all parts of the country to make the livestock side of the Show fully representative of the best to be found in Britain.

The livestock were in suitable company, for with them at the Show was ranged a vast display of agricultural machinery. Over 350 manufacturers displayed the very latest in agricultural and horticultural tractors, farm implements and machinery.

Netherlands



The Handicraft Industry Organizes

THE HAGUE—The Netherlands depressed handicraft industry is gradually showing new life. Its marked decline, which began with World War II, was first checked by the establishment of the Netherlands Central Federation for Artercrafts in 1948. About 500 artercraft producers, some employing as many as 25 workers, are now registered with the Central Federation, but only 25 of these are actively engaged in export. Pottery, handwoven textiles, woodenware and stained glass are the main crafts.

Inability to keep pace with modern requirements and a lack of capital are the principal difficulties faced by the handicraft industry here. Many artisans lack a sound commercial sense and, although their products have good sales possibilities, they do not know how to tackle the selling job. Selling principles—quality control, careful pricing, packaging, advertising and firm deliveries—particularly important in export markets, are often ignored. Lack of capital and of credit hampers both the artisan's production and sales. Seasonal fluctuation in sales, particularly of items popular with tourists, and the long hours required to produce some artercrafts, involve substantial outlays for materials and labour which cannot be immediately recovered.

In other countries, such as Switzerland, Denmark and Norway, the problems of capital shortage and lack of business skill have been solved by forming co-operative handicraft organizations. These associations

provide experts to handle the commercial and financial aspects of the industry and, in some cases, work out loans or advance payments to assist the artisan. The Netherlands, characteristically a country of individualists, has only recently accepted the principle of co-operative organization of the handicraft industry.

Central Organization

Four years ago, a group of prominent Netherlands businessmen took the lead in establishing a Central Federation for Artercrafts (CFFA). The new organization has a twofold purpose. Culturally, it aims to preserve the artistic skills which Dutch craftsmen have developed through the centuries. Economically, its objective is to develop a thriving handicraft industry which will provide gainful employment for more members of a constantly growing population.

The CFFA is collecting complete data on the industry. Although the work is far from finished, the Federation reports that it has some 500 members producing pottery, handwoven textiles, woodenware, metalware and stained glass.

Regional organizations have been set up in the provinces of North Brabant, Friesland, North Holland, Gelderland, Limburg and Overijssel. Artisans living in these six provinces normally join the provincial organizations, after screening by an advisory committee which considers the craftsman's technical competence and business reliability. At present the regional bodies function primarily as voluntary trade associations. However, the introduction of stricter regulations governing the members of the provincial groups is being considered.

The CFFA and its regional organizations operate on a non-profit basis. Revenues come from an annual government subsidy of 30 thousand guilders, membership fees payable to the regional organizations and varying from 20 to 50 guilders, and incidental income from the sale of advertising space in the Federation's publications, etc.

Functions of the Federation

The CFFA has three principal functions:

- To place Dutch artercrafts on a sound economic basis by increasing technical efficiency and promoting domestic and foreign sales. The Federation inspects all items sold and places its stamp of approval on them. Although prices are set by individual producers, the CFFA frequently advises on the best prices to charge.
- To provide guidance in technical matters through instruction courses and contact with professional designers, architects and interior decorators. In addition, a central artercraft library is being assembled and a commission of five experts set up to examine and criticize articles produced by the Federation's members.
- To advertise the work of its members through a bimonthly magazine *Ambacht*, circulating exhibitions, and participation in international trade fairs and shows. Special publications are issued from time to time.

A permanent exhibition, administered by the secretariat, has been established in the Prinsenhof Museum at Delft. Tourists are encouraged to visit it and to purchase the items shown. Total sales of products exhibited amounted to approximately 12 thousand guilders in 1951.

Good export markets are all-important because the domestic market cannot absorb present production. The CFFA has organized a sound export program, although only 25 of its 500 members are at present selling abroad, and hopes to gradually increase exports. The Federation acts as an export selling agency and controls quality and price. Its agents visit foreign countries, prepare market surveys, arrange for distributing agents, organize advertising and generally promote export sales. The CFFA was represented at the 1951 and 1952 Canadian International Trade Fairs and has established agencies in Canada.

Prospects for the Netherlands handicraft industry are good. The formation of a central organization through which Netherlands artisans can co-operatively solve the problems facing their industry should bring good results.

—W. G. PYBUS

Assistant Commercial Secretary for Canada

The Marshall Plan Reports

Out of a total expenditure of some \$13,365 million under the Marshall Plan in a little over four years, about \$1,381 million was spent on purchases in Canada.

WASHINGTON—From the start of the Marshall Plan in April 1948 up to June 30, 1952, procurement authorizations to the value of \$13,365·4 million were issued by the Economic Co-operation Administration in Washington and its successor, the Mutual Security Agency. Of this large total, procurement within the United States amounted to \$8,158·1 million; in Canada, \$1,381·2 million; in Latin America, \$896·8 million; in participating countries, (OEEC), \$544·8 million, and in others, \$725·7 million.

Shipments from Canada

In actual practice, authorizations to purchase were, in some instances, substantially greater than the value of shipments which went forward. This is partly because of natural wastage in fulfilling orders and partly because of delayed shipments in long-term contracts. Against total procurement authorizations during the whole period of \$13,365·4 million, paid shipments totalled \$12,272·4 million. Paid shipments from Canada reached \$1,331·5 million, against authorizations of \$1,381·2 million. Most of this expenditure for Canadian commodities took place in the early stages of the Marshall Plan and consequently assumed great importance in Canadian balance of payments problems.

Authorizations for procurement in Canada amounted to over 11 per cent of the commodity total and included the following commodities:

Food products and fertilizers	\$602.3 million	
Bread grains	490.5	"
Coarse grains	7.5	"
Fats and oils	10.4	"
Meat	66.2	"
Dairy products	10.0	"
Feeds and fodder	2.8	"
Fertilizers	4.0	"
Fruits	0.3	"
Fish	9.2	"
Seeds	0.8	"
Miscellaneous grains	0.5	"
Fuel	\$ 0.1	"
Raw materials and semi-finished products	\$718.6	"
Non-ferrous metals	444.8	"
Iron and steel	31.8	"
Chemicals	9.6	"
Metallic ores	47.8	"
Pulp and paper	85.6	"
Lumber	59.8	"
Basic textiles	3.0	"
Non-metallic minerals	32.3	"
Hides, skins, leather	3.8	"
Fibres	0.1	"
Machinery and vehicles	\$ 40.7	"
Machinery and equipment	32.9	"
Motor vehicles	1.4	"
Other transportation equipment	6.4	"
Miscellaneous industrial	\$ 19.5	"

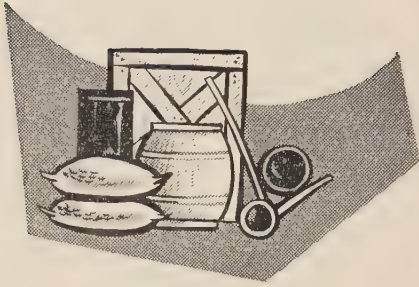
Future Policy

The Mutual Security program appropriation for the year ending June 30, 1953, totals \$6,447,730,750, of which military aid represents \$4,598,424,500, economic aid, \$1,805,288,500, and technical assistance the remainder.

It is possible that funds for foreign aid may be reduced in the fiscal year beginning July 1, 1953. However, without continuing American aid, a difficult European situation could develop unless prompt steps were taken to make the United States market more ready to receive European exports. The alternative to this might well be a reduction in U.S. exports—a development which many in this country fear if Congress fails to resist an almost inevitable pressure to increase tariffs, if it fails to enact the Customs Simplification Bill, renew the Reciprocal Trade Agreements Act, or remove the tariff restrictions imposed in recent years.

It is impossible to forecast accurately what line the new Congress will take. It is certain, however, that tariff revisions will be stressed and the extension of the Trade Agreements Act in its present form may prove difficult. Most analysts nevertheless feel that, although there is a good deal of danger in the situation and many problems ahead, the long-term outlook is not hopeless. There is undoubtedly a growing appreciation amongst those who count of the importance of a healthy international trade. Even a highly protectionist organization—the National Association of Manufacturers—has recently issued a manifesto on the need for freer import as well as export trade.

—JOHN H. ENGLISH
Commercial Counsellor for Canada



COMMODITY NOTES

AUSTRALIA

Charcoal Iron—The only completely integrated sawmilling, wood-distillation charcoal iron plant in the world, at Wundowie, 41 miles east of Perth, has achieved substantial production during the past few years. Controlled by a board of management, the industry is owned by the West Australian Government. Most of the 14 thousand tons of pig iron produced each year is used in Western Australia. Increased production at the works has eliminated the iron shortage in Western Australia and built up a reserve against the possibility of having to shut the furnace down for relining. Annual production of other products at Wundowie includes acetic acid, 400 tons; wood tar, 1,200; and methanol, 300 tons—Melbourne, November 14.

COLOMBIA

Kraft Paper—Colombia's first kraft paper plant went into production in Cali, third city of the Republic, on December 1. Initially it will produce 40 tons a day and eventually, 120 tons. Installed at a reported cost of \$8 million, the plant will supply kraft for its associated company, Carton Colombia S.A., located nearby, which has been manufacturing cardboard boxes for seven years but has had to rely on imported kraft up to now—Bogotá, December 5.

CUBA

Farm Machinery—Financed by an initial appropriation of \$1,200,000 just authorized, the Cuban Government will shortly receive 150 tractors, 150 ploughs of various types, 72 24-disc harrows, 72 ditchers, 72 furrow openers, 144 hillers, 72 fertilizer sowers, 72 $\frac{3}{4}$ -ton trailers, 72 bean and corn planters, 50 rice planters, 64 corn pickers. The Government proposes to distribute this equipment, with that already in possession of the Department of Agriculture (tractors, water well sinkers, etc.), and place it at the disposal of farmers at a nominal servicing fee, plus a small replacement charge.

Supplementing this program, some 1,000 young farmers are already being trained in the use of mechanized equipment. The launching of this mechanization program, which the Government hopes to get under way early in 1953, is expected not only to assist

farmers to work their lands at a moderate cost, but eventually to result in increased purchases of mechanized equipment by the farmers themselves—Havana, December 2.

GREECE

Rice—According to the latest estimates of the Greek Ministry of Agriculture, this year's rice production has materially increased, largely because of favourable weather conditions. The crop is now estimated at 75 thousand metric tons of unshelled rice, as compared with 56 thousand in 1951. This more than covers local requirements and the Greek Government has approved, for the first time, the export of 10 thousand tons. In the meantime, rice has been included as an export item in trade agreements with Finland and Austria. Prices have also dropped considerably—Athens, November 25.

GUATEMALA

Coffee—During the coffee year 1951-52 (ending with the last day of September) 1,299,447 quintals valued at \$70,046,000 were exported, as against 1,073,186 quintals at \$58,309,300 during the previous coffee year. During 1951-52, Guatemala ranked fifth among coffee-exporting nations—Guatemala City, December 3.

JAPAN

Steel—Steel production objectives for the fiscal year 1953-54 have been tentatively fixed by the Japanese Ministry of International Trade and Industry. They call for the output of 4,470,000 tons of pig iron, 7,000,000 tons of steel ingot, and 4,600,000 tons of ordinary steel products—Tokyo, November 29.

NETHERLANDS

Eggs, Poultry—Egg and poultry exports from the Netherlands in 1951 were valued at 250 million guilders (nearly \$65 million Can.) and the 1952 rate of exports has been considerably higher. Egg products are currently averaging 30 million eggs per week, 70 to 80 per cent of which are destined for Germany. Home consumption amounts to about 100 per head, as compared with 250 in Germany and 400 in the United States. Poultry exports are largely to Germany, which is at present taking 125 metric tons a week. Other markets are Switzerland and Italy—The Hague, November 25.

SCOTLAND

Steel—The improved output of steel in Scotland, while still below capacity, is encouraging to local consumers. The raw material position is being generally maintained, with home scrap deliveries keeping up their recent improvement, pig iron production expanding, and prospects for more ship-breaking scrap favourable. Deliveries of billets, slabs and sheet bars from overseas have been on the upgrade. The export demand for heavy steel products is good and for sheets, especially galvanized sheets, strong. Only in certain Empire and Commonwealth markets is there any outlet for rerolled bars, because of the keen competition from European and Japanese markets—London, November 30.

Ireland

The Cotton Industry Expands

DUBLIN—A new factory for producing cotton yarn was recently opened at Youghal, County Cork, Republic of Ireland. This is the sixth of a group of textile factories which between them produce a wide range of manufactures, using wool, nylon, silk, art silk, rayon—and now cotton.

The new factory, which cost £250 thousand, covers an area of 40 thousand square feet and has an annual capacity of 900 thousand lb. The most up-to-date American and British machinery has been installed. The fact that Youghal had no textile industry on a factory scale before 1946 is an advantage, because there are no out-of-date methods from which to break away. Labour is trained in the most modern and efficient way.

Formerly Imported

Before this factory was established, all the finer combed cotton yarns had to be imported. None were produced in the Republic. Imports of cotton yarn for 1951 were valued at £2 million, and for the six months January to June, 1952, nearly two million pounds of cotton yarn, valued at £648,038, were imported. Some £592,381 worth of it came from the United Kingdom.

Raw cotton for yarn is imported chiefly from the United States. Out of a total of 12,139 cwt. (£225,729) of raw cotton and cotton linters imported during the six months January to June, 1952, 10,565 cwt., valued at £195,342, was bought from the U.S.

About half of the output of the new factory will go to Sunbeam Wolsey Ltd. in Cork and the rest to other Irish firms. The type of fine cotton yarn produced is suitable for hosiery, linings and garments, and it is possible that the new factory will supply all the home market needs.

Back in 1934, the Government decided to assist the cotton industry. That year 1½ million square yards of woven cotton cloth were produced, which represented less than 5 per cent of home market needs. By 1939, production had risen to 15 million square yards—about 30 per cent of requirements. Production of woven cotton cloths now meets about 40 per cent of Irish market needs. There is still scope for development in the weaving end of the industry; the greatest deficiency is the absence of textile printing facilities. Annual imports of printed cotton piece goods average about 10 million square yards.

Expansion in the cotton industry has been given further incentive by restricting the import of cotton yarn. The import quota for the period August 29, 1952, to November 30, 1952, was set at 750 thousand pounds weight. Import of certain woven piece goods containing more than 60 per cent by weight of cotton is also prohibited.

—GEORGE SHERA

Office of the Commercial Secretary for Canada



GENERAL NOTES

BRAZIL

Reinstatement of Barter Trade—Senor Coriolano de Gois, head of the Bank of Brazil's Import-Export Department, admitted to members of the São Paulo Commercial Association that CEXIM is contemplating the reinstatement of barter trade. He emphasized, however, that if the system were reinstated it would be operated differently. Proposed barter negotiations, he stated, would be permitted only after the most rigorous scrutiny of each case and the only merchandise permitted in exchange would be that destined for the production sector. CEXIM is also preoccupied, he said, with the problem of controlling import and export prices in order to avoid an evasion of exchange. To solve this problem a Price Section is already being formed and price lists have been requested from the Brazilian Trade Bureau in New York and from other countries to solve the question of the sale prices of merchandise imported for resale in Brazil—São Paulo, November 16.

GUATEMALA

Agricultural Mechanization—The representative of one of the largest farm equipment manufacturers in the U.S. has announced that a group of agricultural technicians, assured of the eventual financial support of a number of New York and Washington banks, will visit Guatemala to make an agricultural survey. Should conditions warrant it, \$20 million will be invested in a scheme to mechanize agriculture more fully—Guatemala City, November 27.

JAPAN

Export Restrictions Lifted—The Japanese Government removed on October 18 the restrictions in force since March 1952 limiting exports of steel and textiles to the sterling area. Limitations on textile exports to Hong Kong and Singapore are still in effect—Tokyo, November 5.

NETHERLANDS

Butter Transported in Glass Wool—Shipments of butter from Sweden to France are being made in a 300-ton coaster fitted with insulated walls of glass wool. The butter barrels are also surrounded by carbonic acid "snow". This method is said to provide cheap and effective

refrigeration. On the first voyage, the temperature in the ship's holds was reported to be 20°C. below zero. On arrival it had risen only two degrees—The Hague, November 22.

Tomato Preservation—After 15 years of research a Dutch horticulturist has developed a method of preserving fresh tomatoes which is said to have great possibilities for the Dutch export trade. Tomatoes treated experimentally by this process were reported to be in excellent condition after six weeks. Sixty per cent of those tested were suited for export and another 25 per cent for domestic markets.

Dutch tomato exporters often face import restrictions in other countries because their tomatoes ripen at the same time as the home crop. They have long sought a preservation process to delay marketing beyond the peak period—The Hague, November 15.

PERU

New Piping Plant—Latest project of Peru's expanding manufacturing industry is the formation of a company, with a capital of 10 million soles (\$625 thousand), for the erection of a plant to produce black and galvanized piping—Lima, November 17.

SOUTH AFRICA

Bagasse Becomes Important—The bagasse residue of Natal's sugar industry is becoming an increasingly important source of material for domestic industries. The South African Board Mills Company is completing another plant to convert bagasse into wood pulp, and a second £8-million development by new capital interests will use bagasse as the basis for building board—Cape Town, November 4.

UNITED KINGDOM

Council to Stimulate Production—A new British Productivity Council has been set up to take over the work of the British division of the Anglo-American Council on Productivity, which has been closed down. The principal object of the new Council is to "engage the active interest of industry in the pursuit of higher productivity and to give it all possible help in its independent activities". Funds for the Council's work will be subscribed by the leading industrial, trade and labour organizations, supplemented by government grants—London, December 5.

UNITED STATES

Deep Sea Fishery Prospects—Marine scientists carrying on investigations here have stated that there are more and larger fish at depths beyond the reach of commercial trawlers. Three experimental cruises have revealed plentiful supplies of perch, much larger than those usually landed, at depths of one-third of a mile. An edible red crab with a spread of two feet has been discovered and quantities are said to be sufficient for commercial canning—Boston, November 20.

Hong Kong and the U.S. Dollar

HONG KONG—In the five months since July 1952, the price of the United States dollar in Hong Kong's open money market has declined six per cent—from HK\$6.48 to HK\$6.06 today.

Stated in terms of the official rate of exchange between the two currencies, (HK\$5.78=US\$1.00), the open market premium on American funds has dropped from 70 cents Hong Kong per U.S. dollar to 28 cents.

Because financing through the Colony's open money market is basic to nearly all trade between Hong Kong and the dollar area, the actual premium on U.S. funds at any given moment is of vital significance. Canadian businessmen will therefore be interested to learn the reasons for the decline.

Generally speaking, the quoted value of the U.S. dollar in the free market at any time is the result of the inter-relation of supply and demand for such funds, represented by a number of variables. Among these are:

- Level of trade activity between Hong Kong and the hard currency area, (but fundamentally with the United States).
- The flow of remittances from Chinese residents of the dollar area to their relatives still in China.
- The amount of confidence in sterling felt by businessmen in Southeast Asia.
- Activity in the buying and selling of fine gold in the free gold market of nearby Macau and in Hong Kong's related "commercial gold" market.
- Opinion on the international situation held by residents of South-east Asia, as this encourages or discourages them in hoarding gold or investing in a currency considered stronger than any in their area.

Both the supply of and the demand for U.S. dollars, as represented by trade between Hong Kong and the United States, has been cut in half since 1950, because of the American embargo on trade with Communist China. In addition, the U.S. Foreign Assets Control Regulations have curtailed the use of U.S. dollars for other than trade purposes—for example, remittances. No estimate of the net reduction in remittances can be given, but the following summary of Hong Kong's trade with the United States indicates the reduced turnover of U.S. funds because of decreased business:

	1950	1951 (HK\$ million)	10 mos. 1952
Hong Kong exports to U.S.	308.7	162.5	104.1
Hong Kong imports from U.S.	655.3	373.5	184.2
Hong Kong total trade with U.S.	964.0	536.0	288.3

There is no doubt that sterling has strengthened in world financial markets during the past few months, as a result of growing evidence of the determined efforts of the United Kingdom and her sterling bloc associates to correct the basic unbalance of trade and redress their internal economies. In corollary, therefore, the U.S. dollar in Hong Kong has weakened.

—T. R. G. FLETCHER
Canadian Government Trade Commissioner

TRADE AND TARIFF REGULATIONS

BRITISH GUIANA

Magazine and Book Import Quotas—The Controller of Supplies and Prices, British Guiana, notified quota holders on November 25 that 1953 quotas have now been established for import of magazines and books from Canada and the United States. Applications for licences will be received immediately.

GUATEMALA

New Port Tax—To provide funds for constructing a wharf and port facilities Guatemalan authorities will collect, by decree No. 931, a port tax of 6 per cent on all imports and exports except gasoline and lubricants. The 6 per cent will be levied only on the amount of the duty, surcharges and stamps paid by the importer or exporter for the clearance of goods. The tax will be effective from November 29 but does not apply to goods already in the Customs, en route, or paid for by letters of credit before November 29, 1952.

IRELAND

Import Controls—By twelve Orders of the Government of the Republic of Ireland, issued under the Control of Imports Acts 1934 and 1937, further quotas and quota periods have been announced as follows:

Certain boots and shoes (other than rubber): 20,000 pairs; quota unchanged from previous similar period.

Rubber-proofed clothing: 1,000 articles; amount unchanged from previous quota.

Certain completely or substantially assembled motor car chassis with bodies or body shells attached: 64 articles, compared with 120 articles for previous 12 months' quota.

Completely or substantially assembled motor vehicle chassis without body or body shell attached: 50 articles, as against 60 articles for previous similar period.

Certain completely or substantially assembled road vehicle bodies or road vehicle body shells imported otherwise than attached to chassis: 50 articles, as against 60 articles for previous similar period.

Certain motor car body parts: 10 articles; quota unchanged from previous period.

The period fixed in all of the above cases extends from January 1, 1953, to December 31, 1953.

Brushes, brooms and mops (domestic or household): 12,000 articles; amount unchanged from previous quota.

Brushes (for human use): 12,000 articles, as against a similar amount for previous period.

Brushes, brooms and mops: 12,000 articles; quota unchanged from previous period.

Certain hats, caps, hoods and shapes (costing less than 21/- each): 25,000 articles; amount unchanged from previous quota.

Certain metal screws: 25,000 gross. Of this amount, 24,000 gross must be of Canadian or United Kingdom manufacture. Amount unchanged from previous quota.

In all of the above cases, the quota period extends from January 1, 1953, to June 30, 1953.

Certain completely or substantially assembled mechanically propelled vehicles: 24 articles, as against 40 articles for previous six months' period. The quota period fixed in this case extends from January 1, 1953, to December 31, 1953—Dublin, December 3.

UNITED KINGDOM

Zinc Import Trading Freed—Free trading in zinc will start on the London Metal Exchange on January 2nd. The import licensing arrangements which will govern transactions have been announced by the Board of Trade.

For the import of zinc or spelter unwrought, in ingots, blocks, bars, slabs and cakes, but not including alloys of zinc, members of the Metal Exchange who participate in the Bank of England Exchange Control Scheme will be granted open individual licences valid for import from any source.

Consumers who wish to import regularly substantial quantities of zinc otherwise than through the Exchange will be granted open individual licences valid for appropriate sources of supply. Applicants must state the quantities they expect to import in the ensuing twelve months and the main sources from which they expect to buy. Such open licences will be granted on condition that returns showing full details of both value and source of imports are made to the Board of Trade at monthly intervals.

Other United Kingdom traders wishing to import zinc must apply for a licence for each transaction—London, December 4.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are not included in the table.

For conversion to United States dollar equivalents multiply by 1.029.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 11	Notes (See below)
Argentina	Peso	Preferential buying	.1295	
		Basic buying	.1943	(1)
		Preferential selling	.1943	
		Basic selling	.1295	
		Free	.0689	
Austria	Schilling .....	.....	.0455	
Australia	Pound .....	.....	2.1790	
Belgium-Luxembourg & Belgian Dependencies ..	Franc .....	.....	.0194	
Bolivia	Boliviano	Official	.01619	tax 5% (1)
		Differential	.00967	tax 3% (2)
British West Indies	Dollar .....	.....	.5674	
	Pound .....	.....	2.7237	(3)
	Dollar	Brit. Honduras	.6809	(4)
Brazil	Cruzeiro .....	.....	.0525	tax 8% (2)
Burma	Kyat .....	.....	.2043	
Ceylon	Rupee .....	.....	.2043	
Chile	Peso	Official	.0313	(1)
		Commercial	.01618	
		Free	.00796	
Colombia	Peso	Basic	.3886	tax 3% (2)
		Coffee Buying	.4267	
Costa Rica	Colon	Official	.1734	(5)
		Free	.1454	*Oct. 31
Cuba	Peso .....	.....	.9716	tax 2%
Czechoslovakia ..	Koruna .....	.....	.0194	
Denmark	Krone .....	.....	.1407	
Dominican Republic	Peso .....	.....	.9716	
Ecuador	Sucre	Official	.06476	(6)
		Free	.05584	
Egypt	Pound .....	.....	2.7899	
Fiji	Pound .....	.....	2.4538	
Finland	Markka .....	.....	.00422	
France	Franc .....	.....	.00273	
French Africa	Franc .....	.....	.00556	
French Pacific	Franc .....	.....	.01523	
Germany	D Mark .....	.....	.2313	
Greece	Drachma .....	.....	.000065	
Guatemala	Quetzal .....	.....	.9716	
Haiti	Gourde .....	.....	.1943	
Honduras	Lempira .....	.....	.4858	
Hong Kong	Dollar	Free	.1563	*Oct. 27
Iceland	Krona	Official	.05966	
		Special buying	.04588	
		Special selling	.03728	
India	Rupee .....	.....	.2043	
Indonesia	Rupiah	Basic	.08522	
		With Surcharge I	.04261	(7)
		With Surcharge II	.02841	
		Dollar certificate	.00185	*Nov. 17

* Latest available quotation date.

Country	Unit	Type of Exchange	Canadian dollar equiv. Dec. 11	Notes (See below)
Iran	Rial	Certificate I	-011246	*Oct. 31
Iraq	Dinar	Certificate II	-011149	*Oct. 31
Ireland	Pound .....	.....	2-7237	
Israel	Pound .....	.....	2-7237	
		Basic	2-7204	
		Special	1-3602	
		Investment	-9716	
Italy	Lira .....	.....	-00156	
Japan	Yen .....	.....	-0027	
Lebanon	Pound	Free	-2721	*
Mexico	Peso .....	.....	-1123	
Netherlands	Guilder .....	.....	-2557	
Netherlands Antilles	Guilder .....	.....	-5152	
New Zealand	Pound .....	.....	2-7237	
Nicaragua	Cordoba	Effective buying	-1472	(8)
		Official selling	-1373	
		With Surcharge I	-1207	
		With Surcharge II	-0967	
Norway	Krone .....	.....	-1360	
Pakistan	Rupee .....	.....	-2937	
Panama	Balboa .....	.....	-9716	
Paraguay	Guarani	Basic	-06476	(1)
		With Surcharge I	-04626	(9)
		With Surcharge II	-03238	
		Certificate	-0626	
Peru	Sol .....	.....	-4958	tax 17% (2)
Philippines	Peso .....	.....	-03386	
Portugal	Escudo .....	.....	-3886	
El Salvador	Colon .....	.....	-3178	
Singapore & Malaya	Straits dollar ..	.....	-3178	
South Africa (Union of)	Pound .....	.....	2-7237	
Spain & Dependencies ..	Peseta	Basic buying	-04436	
		Basic selling	-08659	(1)
		† Basic commercial selling ..	-05915	
		Free	-02450	
Sweden	Krona .....	.....	-1878	
Switzerland	Franc .....	.....	-2267	
Syria	Pound .....	.....	-2716	*Nov. 17
Thailand	Baht	Official	-0777	(1)
		Free	-05757	*Oct. 31
Turkey	Lira .....	.....	-3470	
United Kingdom ..	Pound .....	.....	2-7237	
United States	Dollar .....	.....	-9716	
Uruguay	Peso	Official	-6396	
		Basic buying	-5458	
		Special buying	-4134	(1)
		Basic selling	-5113	
		Special selling	-3965	
Venezuela	Bolivar .....	.....	-2900	(10)
Yugoslavia	Dinar .....	.....	-00324	

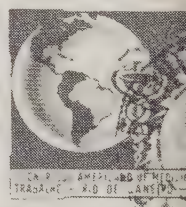
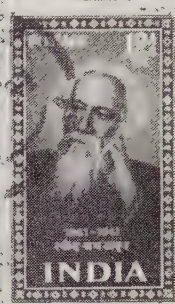
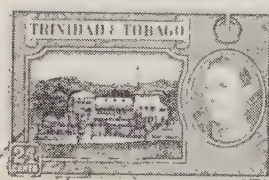
* Latest available quotation date.

† Since the "Basic selling" rate is for State purchases only, we are now also quoting the "Basic commercial selling" rate.

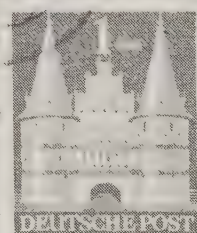
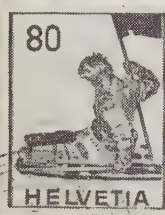
NOTES

1. Additional rates are in effect for specified goods.
2. Tax affects selling (import) rates only.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Brit. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Costa Rica: Official rate applies to all Costa Rican exports.
6. Ecuador: Exchange surcharges of 33 per cent and 44 per cent apply to imports of less essential and luxury items respectively.
7. Indonesia: Effective rate for all Indonesian exports to dollar area is basic rate plus 70 per cent of dollar certificate rate. Cost of imports is increased by full amount of dollar certificate rate.
8. Nicaragua: Effective buying rate applies to all Nicaraguan exports.
9. Paraguay: Basic rate applies to all Paraguayan exports.
10. Venezuela: There are special rates for exports of petroleum, cocoa and coffee.

For additional explanatory note see *Foreign Trade* of October 11.

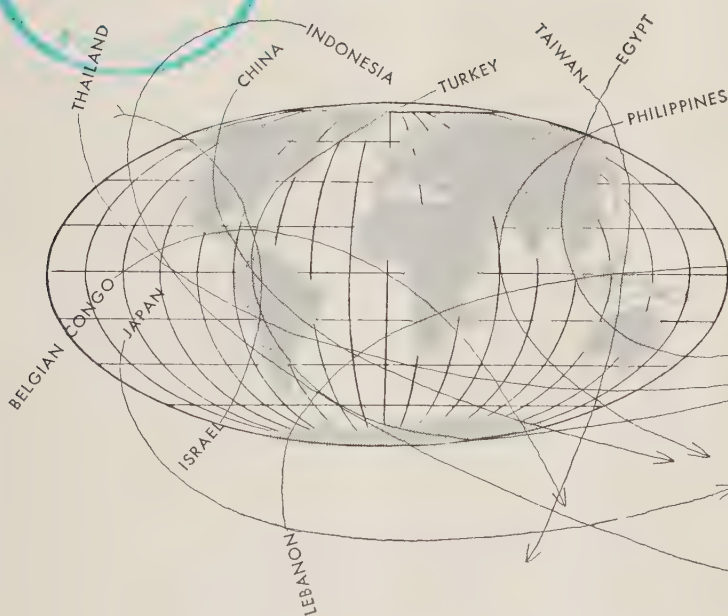
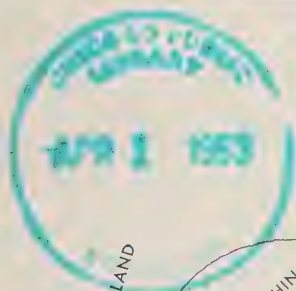


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foreign trade

DECEMBER 27, 1952



reports
on
business
conditions



. . . and Points East

Early in September, when we first discussed this issue, the difficulties loomed large. Would it, we wondered, be possible to obtain up-to-date, informative reports on 22 countries in Asia and Africa? (The Commonwealth countries we reserved for a later number.) Mentally, we ran over the list, pausing at those which presented special problems—China, Burma, Iran, Taiwan, Indo-China. Would the nearest Trade Commissioner be able to gather material on conditions in, and trade figures for, these countries in the grip of change?

Other obstacles presented themselves. The Beirut office was opened in October. With reluctance, we asked the officer there for reports on Lebanon, Syria, and Iraq when he had barely settled in. As it happened, during the time when the reports had to be compiled, a number of routine changes were taking place. The officer in charge of the Athens office, which contributed the articles on Greece and Turkey, had recently arrived. The Trade Commissioner in the Belgian Congo had just returned to his post, after home leave. The Cairo office was short of staff.

Nevertheless, we sent out letters outlining the type of article we had in mind—and setting a deadline. Before the end of November, long blue envelopes with Asian and African postmarks began arriving. Each office had solved its special problems. As we studied the reports, the picture took shape.

We present this Asia-Africa issue conscious, as our contributors are, of the lack of detailed information on some of the territories covered. Yet we feel that it gives a valuable picture of how business is being carried on in a great area . . . and of Canada's trade with "points east".

—The Editor



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foreign trade

OTTAWA, DECEMBER 27, 1952 NO. 313

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R . . . In this issue, we reports on business ns in 22 countries in d Africa. The names eleven of these appear cover, swirling around st's conception of the The others you will ed above.

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By Way of Introduction . . .

ASIA and the Middle East have attracted traders from the very beginning of recorded history. In earlier times, their eyes were fixed on the gold, silk and spices of the Orient. Today Canadian importers buy more utilitarian products—oil from Saudi Arabia; rice from Thailand; hemp from the Philippines; tea and rubber from Indonesia; chrome ore from Turkey; dates from Iraq; unset diamonds from Israel.

This enormous land area, which contains half the world's people, faces grave economic and political problems. First of all, the growth in population is outpacing the food supply. This means that many of these countries turn to the West for foodstuffs and Canada sells them large quantities of wheat and wheat flour, barley, and other food products.

Second, many of them rely heavily on the production of one or more primary commodities such as rubber, jute, cotton, tin. Prices of these tend to fluctuate widely with the rise or fall in world demand, and the effect on the Eastern economy is often serious. When prices are low—rubber is a good example just now—many of the countries are gripped by depression.

This situation is not going unremedied. Most of the countries are embarked upon, or have plans for, development schemes to make their economies more productive and diversified or to exploit newly discovered resources. Canada is following these with great interest and is sharing, through the Colombo Plan, in projects in South and Southeast Asia.

Meanwhile, the Canadian exporter is finding in Asia and the Middle East markets worth cultivating. An illustration will show how Canadian products, in increasing variety, are making their way in the East.

Two years ago, on tour in Southeast Asia, I visited a little town, the capital of a colony with a small population, where most of the native peoples live virtually untouched by modern civilization. Yet from the deck of my ship I noticed cases of a well-known Canadian soup being offloaded. A number of small native river craft, practically the only form of transportation in the colony, were being propelled by Canadian outboard motors. When I visited one of the primitive native settlements some distance away in the jungle, I noticed a tin of Canadian herring in the headman's hut. This shows, in a small way, the progress being made in the distribution of Canadian manufactured and processed goods in the area and illustrates how large is the potential market.

True, doing business with the area, with its diverse marketing and trading problems, keen competition, and import restrictions on dollar goods in most of these countries, presents many difficulties. Nevertheless, Canadian products are becoming better known and more Canadian importers and exporters are visiting Asia to study these markets.

The officers of the Canadian Trade Commissioner Service, who have prepared the reports for this special issue, stand ready to advise the intending exporter on prospects for marketing his products in this area, to help him find a suitable agent, and to assist him in other ways.

—R. K. THOMSON

Area Trade Officer for Asia and Middle East

Belgian Congo and Its Trade

With raw materials selling well, the colony has escaped import restrictions and dollar troubles; is buying goods for long-term development.

LEOPOLDVILLE—In spite of the recent marked decline in world prices for palm oil, the overall economic picture in the Belgian Congo remains good. In fact, it continues to improve, largely because of relatively stable prices for metals, with rising production.

There is still no sign of a real dollar shortage. Import licences are required but they are nearly always granted for goods from most countries, including Canada. The Belgian Congo grants equal tariff treatment to all supplying nations under international treaties entered into before creation of the present colony.

Last year an overtaxed transport system presented difficulties—difficulties which were general to most of Africa. These have now largely been remedied. Serious delays in the handling of merchandise within the colony and at the port of Matadi now seldom occur in spite of rapidly rising volume. The shipping lines, however, continue to impose a moderate surcharge on freight designed for Matadi.

Development Goods in Demand

In recent months, the value of imports has exceeded that of exports for the first time in many years. This trend is not believed serious and may only be temporary. It has not persisted long enough to be reflected in the 12-month figures which appear in this report.

This reversal of the relationship between imports and exports comes largely from greatly expanded imports of capital equipment to implement the Ten-Year Plan, which has lately emerged from the study and planning stage. At present the Plan is putting emphasis on road-building and hydro-electric power, both of which involve the purchase abroad of heavy and costly equipment on a large scale.

The colony continues to enjoy excellent credit and the International Bank for Reconstruction and Development recently granted loans totalling \$70 million for 25 years at 4½ per cent. Some of this money went to Belgium, but all of it will be used for purchases for the Congo. This is the first time that the Bank has made a loan to an overseas territory of one of its member countries.

Industry is expanding rapidly, with total investment rising some 40 per cent between the years 1949 and 1951.

Present Problems

Apart from a weakness in palm oil prices, there have been one or two other sources of worry. Notable among these is the rapid rise in the cost of living which has continued until recently, in spite of the

world tendency towards declining prices. The authorities recently started a campaign to make merchants mark the prices on goods in accord with the standard North American practice.

The number of white people arriving in the colony is increasing but it is still small and the policy is that the colony shall remain overwhelmingly native. The alarmingly high costs involved in bringing white personnel to the colony and maintaining them here tends to reinforce this policy.

Housing shortages, both for white and native populations, still plague the Congo. An ordinary two-bedroom house for white people rents unfurnished for \$300 a month. It is expected that the housing shortage for whites will be remedied by late 1954. For the natives—who drift into the great centres at a rapid rate—it will take considerably longer before sufficient houses can be built, but the matter is receiving attention.

Food Imports Greater

The movement of natives into the cities has resulted in greatly increased imports of certain essential foodstuffs, notably wheat flour, powdered milk, canned horsemeat, canned sardines and herrings, and dried codfish.

Since the Congo's economy still depends largely on exports, the best way to assess its strength is to look at the trade statistics.

Exports of Chief Commodities Belgian Congo and Ruanda-Urundi (official Belgian Congo statistics)

Product	Value (millions of francs)*	
	Year ending June 30, 1951	Year ending June 30, 1952
Copper	4,034	5,153
Cotton	1,856	2,292
†Palm oil	1,717	2,134
Coffee	1,314	1,737
Tin ore	1,347	1,333
Cobalt products	817	1,286
Palm kernels	793	760
Gold	692	746
Diamonds	535	684
Rubber	468	596
Sulphuric zinc ore	266	561
Tin	383	327
Fibres	266	300
Palm kernel oil	291	271
Zinc oxide ore	190	270
Wood	242	256
Manganese ore	31	116
Total, all exports	15,660	20,399

* One Belgian Congo franc=1.96 cents Canadian.

† Arbitrary values fixed by the authorities for 1951 do not properly illustrate the drop in prices.

Uranium and one or two other strategic minerals are not itemized in the statistics.

Imports of nearly all kinds have risen to record levels. The following are the principal categories of interest to Canada:

Imports into the Belgian Congo and Ruanda-Urundi
(Belgian Congo statistics)

Product	Value (millions of francs)	
	Year ending June 30, 1951	Year ending June 30, 1952
Mechanical machines	2,136	3,474
Vehicles and spare parts	1,726	2,885
Metal, worked	1,418	2,290
Textiles	1,109	1,898
Clothing, lingerie	451	627
Hardware, etc.	542	521
Ships and spare parts	247	369
Fish, shellfish	302	357
Lime and cement	123	285
Medicines, pharmaceutical products	124	248
Chemical products	136	226
Cereals	109	174
Paper, all sorts	83	160
Meat	141	152
Luggage	143	145
Paints and similar products	111	118
Textile threads	64	98
Furniture	89	96
Arms and munitions	21	95
Powders and explosives	52	90
Vegetables	53	87
Milk	80	86
Total, all imports	11,901	18,503

Supplying nations in order of importance were:

Country	Value (millions of francs)	
	Year ending June 30, 1952	Year ending June 30, 1952
Belgium	4,665	6,881
United States	2,799	4,302
United Kingdom	998	1,581
Japan	232	669
Union of South Africa	430	633
Germany	364	616
France	250	600
Netherlands	264	442
Italy	192	336
Switzerland	234	302
Luxembourg	116	299
Netherlands East Indies	92	196
Canada	107	161
Kenya and Uganda	133	148
Angola	117	132
Total (including other suppliers)	11,901	18,472*

* This total differs slightly from the total by commodity. No doubt a rectification will be issued in due course.

Canadian figures (DBS) indicate that Canadian exports to the Belgian Congo increased by 83 per cent—from \$3½ million to \$6½ million—in the year ending June 30, 1952, over the previous 12 months. More than half of this rise stems from the following individual percentage increases:

Trucks and passenger cars	847
Wheat flour	364
Machinery and parts n.o.p.	363
Sardines	79
Milk powder	21

The Congo appears likely to remain a good market for certain Canadian exports. The list of goods which the natives can afford to buy, however, is still a very short one and the white population is too small (about 65 thousand) and scattered to offer a large market for most consumer goods.

—W. GIBSON-SMITH
Canadian Government Trade Commissioner

Burma's Recovery Is Retarded

Internal disorders have limited the all-important rice crop and production of the forest and mining industries, on which Burma depends.

BOMBAY—Burma's recovery is being slowed down by insurgent activities and other internal disorders. The lack of political stability has limited the output and transport of the agricultural, forest and mining industries on which the economy of the country depends.

Exports of rice, the leading commodity in Burma's foreign trade and the mainstay of the country, have totalled only 1½ million tons since the war, well below the prewar figure of over three million tons a year. Other important exports—timber, minerals and oil—are also far below the prewar volume.

Efforts have been made to re-establish these important industries, through agreements between the Government and private interests. Nationalization has already been applied to a large portion of the timber industry and to the Irrawaddy Flotilla Co. With insignificant exceptions, the Government has reserved to itself the export trade in rice and timber.

The following figures show the recent trend in the over-all value of the country's imports and exports:

	1949-50	1950-51	1951-52 (first 6 mos.)
		(000's rupees)	
Exports	661,000	997,000	456,000
Imports	432,000	681,000	345,000

Making a rough allowance for the difference in price levels, the value of the country's exports in 1950-51 was about 60 per cent of their value prewar. The value of imports in 1950-51 was about 80 per cent of their value prewar. This year imports are running at a rate equal to or slightly above that in 1951. The net result is likely to be a reduction in the country's favourable trade balance but it should still be large.

Rice Is Leading Export

Since the war Burmese exports have consisted almost exclusively of rice. In spite of the drastic drop in the quantities available for shipment abroad, higher prices have brought a larger return. Total exports of rice and rice products in 1952 are expected to be less than in 1951.

Before the war, Burma exported petroleum products to the value of approximately \$50 million a year, teak and other hardwoods to the value of approximately \$15 million a year, and metals and ores to the value of approximately \$23 million a year. Now she finds it necessary to import petroleum products (the oil industry is far from rehabilitated and mostly cut off by insurgents). Similarly, timber, metal and ore exports amounted to under \$3 million in 1950.

All imports from the "dollar-account" countries are controlled by licences which are issued sparingly, and trade with hard currency coun-



—U.N. Photo

(Above) Village potters at work in a community southwest of Rangoon. With UN help, Burma is trying to expand and modernize its small industries to give employment to people in rural areas.

tries is negligible. About half the commodities imported from soft currency areas can be freely imported under open general licence. The remaining commodities are controlled by licence.

Before independence, Burma's import trade was primarily in the hands of British, Chinese and Indian businessmen. Measures adopted by the Government allocated 60 per cent of import business to nationals and the remaining 40 per cent to foreigners. The maintenance of the import licensing controls to the present extent in the case of soft currency countries was probably designed to carry out this policy. Textiles, mainly cotton piece goods, are by far the most important import and amounted to over \$40 million in 1950. Machinery, appliances and vehicles accounted for approximately \$11 million.

Outside of the United Kingdom, Burma's external trade is predominantly with her Asian neighbours. India is the main source of imports, followed by the United Kingdom and Japan. India, Ceylon, Indonesia, the United Kingdom, Malaya and Singapore are the important customers.

Burma's trade with Canada is negligible. The only figures at present available show that in 1951 Burma imported from Canada goods worth Rs.5,000 (approximately \$1,000). In the first quarter of 1952, she imported from Canada goods worth Rs.535 thousand (\$107 thousand) and sold nothing to Canada. Imports from Canada in 1951 fell under the general heads of chemicals, machinery and manufactured goods. As long as exchange difficulties persist, no significant increase in trade between Burma and Canada seems probable.

—BRUCE I. RANKIN

Commercial Secretary for Canada

China under Its New Rulers

Here is an interesting analysis of what is happening to trade and industry under the Central People's Government, as seen by a Hong Kong observer.

HONG KONG—To discuss business and trade in China, as seen from Hong Kong, is necessarily to treat only a fraction of the subject. But even in the absence of full details, a few generalizations can perhaps be made. These all lead to the same conclusion—that China's whole pattern of international trade has changed since the Central People's Government came to power.

● Government Controls Business

First of all, there is only one buyer and one seller in China today: the Government. It is true that there are state trading monopolies only for certain commodities—for example, export staples such as bristles, tung oil, metal ores, soybeans, furs and hides, etc.—and that private merchants may properly act as agents of such monopolies. It is also true that the state buying agencies established in certain foreign trading centres such as East Berlin, Hong Kong, Macau, Colombo, etc., are not exclusive import channels through which goods can pass into China and that private merchants may import on their own account. But there is so much detailed government control behind every import or export transaction that in reality the private businessman has little freedom of action.

Whatever the proposed business deal, it is subjected to the most detailed examination. The commodity concerned is first considered in the light of trade control commodity lists, to determine whether it is a permissible, a specially permissible (i.e., in certain circumstances), or a prohibited item. The cost price is reviewed to be checked against any existing government export floor prices, if it is an export transaction. If it is an import deal, the price is checked against the Government's information on relevant market prices in major foreign centres of supply.

Terms of delivery are investigated, with attention paid to stated costs of insurance and freight. The Chinese firm's profit or markup is reviewed and, where necessary, adjusted to government opinion on the subject. Documentary evidences of offer, acceptance and confirmation are checked one against the other. Terms of payment must be satisfactory to the authorities. Finally, when everything has been approved and the goods have moved to the export or import point in China, the Chinese Customs Service again looks into everything to check reality against undertaking. With such control, it is really the Government which has done the business.

● Traditional Trade Altered

Second, it appears that deliberate policy has wrought a permanent change in the makeup of China's import trade. A number of the traditional commodities have vanished. Their disappearance does not arise from lack of sufficient foreign exchange to warrant their continued purchase, nor from their possible inconsistency with the austerity program set up earlier by the Central People's Government. Both factors have a bearing, of course. The authorities undoubtedly are trying to balance trade better and clearly China is short of foreign exchange, so that most imports must be reduced to the planned minimum and exports stimulated. But the change in import trade is not a negative one in this sense.

Rather, the Government has been putting into practice its positive—and somewhat startling—conviction that China could be nearly self-sufficient, given enough incentive. The authorities argue that many things that China imported for years were brought in quite unnecessarily, that the country's production potential has never been properly organized, and that in the past when something was produced in surplus quantity it was inevitably wasted because of inefficient distribution aggravated by indifference and poor communications. All this can be changed with proper organization and the Communists have embarked upon an intensive program of encouraging many a familiar Chinese occupation, agricultural and industrial.

It is certainly not too soon to say that, from the beginning of 1950, Hong Kong's traditional exports to China of canned foods and groceries, flour and cereals, fishery and sea products, cotton piece goods, manufactured tobacco products, cosmetics, wines, spirits and table waters, expensive foreign clothing, etc., have virtually vanished. As far as Hong Kong at least is concerned, China is making-do with her own resources, or is substituting products, or is doing without.

● Commerce with West Diminishes

Third, China's commitments to the Soviet and other Eastern Europe "People's Democracies", combined with the West's refusal to provide her with many things, have effected a profound reorientation in her international trade. The Chinese Commerce Minister has stated that, in 1951, 70 per cent of China's trade was with the USSR and Eastern European countries and only 30 per cent was with the West. This almost exactly reverses the position before 1950. The claim is also made that this proportion will grow larger. In 1951, it is said, China received from the Soviet bloc 65 per cent more strategic materials than the West supplied in 1950.

Such statements are hard to verify in the absence of official statistics. It is known for a fact in Hong Kong, however, that ships from Russia, Poland and other Eastern European countries are regularly sailing direct to Canton, Tientsin, and Manchurian ports with heavy cargoes both ways. The railway link between Russia and China across Siberia is also bearing heavy traffic. Hong Kong's own trade with China in 1952 is only about half that of 1950 and 1951, though much of the decrease is due to Hong Kong's withholding strategic materials, and not so much to China's ceasing to buy. Despite the reorientation, the Chinese Government asserts that volume of trade doubled between 1950 and 1951 and that the trend continues.

● Bilateral Technique

Fourth, China's technique of international trade seems to be more and more bilateral trade agreements with a large element of barter. Again this may be explained by the overall shortage of foreign exchange and the desire to get certain commodities by forcing a *quid pro quo* exchange. Certainly the Central People's Government has actually concluded, or is negotiating, a number of deals with other governments or responsible trading interests in other countries; e.g., with the USSR (probably war materiel, strategic materials, machinery, in exchange for wolfram, tin, China produce in general); Ceylon (rubber for rice); Pakistan (cotton for coal); Eastern Germany et al (industrial chemicals, machinery, dyestuffs, for China produce); United Kingdom (wool tops, textile machinery, dyestuffs, for China produce); Japan (textile machinery, iron and steel, for rice, soybeans, etc.).

It is interesting to speculate on China's success with these barter agreements, particularly those with the Soviet and Eastern European countries. In a large number of cases China produce has been offered to Western European buyers from the Soviet and its satellite states at prices much below those quoted to the same buyers from China ports—i.e., much below Chinese export floor prices.

● General Economy Improved

Fifth, such information as can be gleaned about the internal policies of the Central People's Government gives credence to these generalities on her international trade by indicating the domestic basis for such policies. The general example of integrity set by government officials, plus the famous purges of the "Five Antis" and the "Three Antis" of early 1952, have contributed to internal stability. The purges were aimed against bribery, tax evasion, theft of state property, failure to fulfil contracts, theft of state economic secrets on the one hand, and against corruption, waste and evils of bureaucracy on the other. High and realistic taxes have been levied and are being collected. Sales of bonds have siphoned off surplus funds. Inflation is under control and financial stability seems achieved. The budget has been balanced and it is said there was a surplus in 1951. The Government is directing an extraordinary scheme of reconstruction and public works—railway building, industrialization, irrigation and flood control projects, housing developments—and having some success.

There has been a tremendous upsurge in internal trade and the boast of efficient internal distribution of essential items for the first time in China's history appears substantiated by the cessation of imports of food and many other items. Agricultural crops this year—rice, wheat, maize, cotton, soybeans, etc.—are said to be bountiful and certainly provided an export surplus of foods. All in all, there seems to be an undoubted improvement in the general economy.

● Trade through Hong Kong

Finally, the prospects of Canadian firms doing business with China are temporarily limited to the narrow overlap of commodities which Canada will release to China and which China will import, on the one hand, and those products which China will sell to the West on the other.

Since, in any event, such trade would probably be conducted indirectly through Hong Kong, a brief survey of Hong Kong's recent experience may be of value.

The Colony's trade with China has been halved since 1951, when Hong Kong began to refuse to re-export strategic materials to the mainland. Gross figures, corrected for 1950 by an estimate of the value of Hong Kong's dealings with Formosa, but accurate exclusive of trade with Formosa in 1951 and 1952 to date, follow:

Year	Imports	Exports * (HK\$ million)	Total
1950	800	1,350	2,150
1951	863	1,604	2,467
9 mos. 1952	582	319	901
(Est. 12 mos. '52)	(776)	(424)	(1,200)

* One Hong Kong dollar=approx. 15 cents Canadian.

The principal items imported from China were swine (alive), poultry (alive), eggs in the shell or dried, dried albumen, fresh vegetables, fresh fish, peanuts, various other nuts, bristles, feathers, vegetable oils (cottonseed, teaseed, peanut, tung), oranges and tangerines, tea, soybeans, fuelwood, linen embroideries, carpets and rugs, pine resin, oilseed cake, silk fabrics.

The major commodities exported to China from the Colony were gunny bags, caustic soda, textile machinery, surgical instruments, watches, plants and seeds, inorganic chemicals, refined sugar, chemical fertilizers, general machinery, scientific instruments, sheep's wool (scoured), dye-stuffs, pharmaceuticals, synthetic yarns and threads, hand tools of iron and steel.

—T. R. G. FLETCHER

Canadian Government Trade Commissioner

Egypt

CAIRO—Business in Egypt has been stagnant for most of 1952 and trade virtually at a standstill, although the market has been well stocked. An abrupt and unfavourable shift in the balance of trade, beginning early in the year, drained the dollar and sterling balances until, at the end of September, Egypt's free sterling resources were exhausted. Principal cause was a sharp decline in exports because of the falling off in demand for Egyptian cotton and the decline in prices. Cotton makes up more than 80 per cent of Egypt's exports.

This serious trade deficit led, in June, to restrictions on imports of luxury and non-essential goods. Further measures taken on October 7 established general import licensing control. These restrictions, however, do not affect goods imported by the Government, such as wheat, flour, fertilizers and fuel. Liquid fuels, travellers' effects, samples of no commercial value, scientific and cultural books, and gifts are also exempt from the regulations.

The result of these restrictions is apparent from Egyptian trade statistics, which show a substantial reduction in imports, starting in August. However, the June import restrictions did not apply to Western Germany, Bulgaria, Poland, Czechoslovakia, France, Switzerland and several other countries which have a special payments agreement with Egypt. They can also obtain import permits more easily.

The Egyptian market is well stocked with certain commodities, especially woollens and worsteds. Many lines, however, are in short supply and will remain so unless import restrictions are soon relaxed. A substantial movement of Egyptian cotton at the end of the year might earn sufficient foreign exchange to permit the import licensing regulations to be relaxed.

Canadian exports to Egypt do not reflect the trends outlined, largely because of the need for Canadian wheat and flour. In 1950 and 1951, Canadian exports to Egypt were valued at \$3.7 million and \$2.46 million respectively, compared with \$5.5 million for the first nine months of 1952. Approximately \$4.5 million of this 1952 figure represents wheat and flour sales. Egypt also has been buying from Canada milk powder, newsprint, automobiles and trucks, and asbestos.

Canada's imports from Egypt are on a smaller scale, totalling \$659 thousand in 1950 and \$711 thousand in 1951. Cotton and rice are the principal purchases.

Ethiopia

CAIRO—Business conditions in Ethiopia have been dull during 1952, largely because of high domestic prices and severe competition in world markets for some of its major exports, such as hides, sheep and goatskins. However, exports of cereals, coffee and oil products attained a good volume during the year. Foreign exchange earnings are strictly controlled and import licences granted only for essential goods. The recent federation with Eritrea will, it is hoped, have a favourable effect on Ethiopia's economy.

A recent proclamation of the Ethiopian Government extends the application of all Ethiopian customs duty proclamations, regulations and all taxes, duties and imposts on imports throughout the Ethiopian Empire to include Eritrea.

In-transit goods through the Empire to or from countries having a common land boundary with Ethiopia are not subject to customs duties or taxes. However, payment of a transit fee amounting to 1½ per cent of the value of the goods is required. The value of such goods is determined in the same manner as the value of goods imported into Ethiopia.

—W. H. HOPPER

Office of the Canadian Government Trade Commissioner

French Equatorial Africa

LEOPOLDVILLE—This colony still depends largely on agriculture for its livelihood and, in recent months, has suffered from declines in the export prices for some of these products.

The colony is closely controlled by France and is affected by the same severe dollar shortage. Of the products imported during the first seven months of 1952, only 9 per cent came from the dollar area. This is a decline from approximately 12 per cent in the same period a year ago and partly reflects a reduction in Marshall Aid.

Canada supplies only a very small percentage of imports—naturally enough when one remembers that 88 per cent of the dollar imports consisted of fuel (chiefly gasoline), raw materials and heavy equipment. As a rule, imports from the dollar area are permitted only if they are completely unobtainable from France or other soft currency areas.

Exporters have the right to 25 per cent of U.S. or Canadian dollars earned from their exports. This money may be used to pay incidental export expenses or to buy certain products, raw materials, or equipment necessary to the territory's economy. A definition of what is necessary for the economy must be obtained from Paris in each case. Approval is withheld if the material or merchandise can be supplied in sufficient quantities by Metropolitan France. Nevertheless, exporters to the dollar zone can use freely 3 per cent of the money their exports bring.

Barter transactions are possible but a special inter-ministerial commission in Paris must approve each deal.

For the guidance of any Canadian exporters or importers who may wish to look further into these two schemes, given below are the principal exports during the first seven months of 1951 and 1952.

Product	Exports 7 months (millions of francs CFA) *	
	1952	1951
Cotton	1,284	1,092
Logs, okoume	959	1,118
Coffee, green	420	405
Plywood and veneers	253	169
Diamonds	207	141
Cocoa beans	204	218
Cattle	185	139
Gold	184	167
Palm oil and kernels	179	276
Total (including others)	4,690	4,400

Progress in Colony

A serious effort is being made to industrialize the colony. A large new plywood plant is already in operation and projects to introduce pulp mills and turn out cellulose, wallboard, etc., are being studied. Pulp may be made from the enormous quantities of papyrus in certain regions, following the success achieved in the Belgian Congo.

In mining, only precious metals are being produced in substantial quantities. Lack of suitable electric power handicaps the production of lead and zinc. Prospecting is being carried on around newly-formed deposits of manganese, copper, and petroleum.

In general, however, this colony does not yet present interesting possibilities for Canadian exporters.

—W. GIBSON-SMITH

Canadian Government Trade Commissioner

* One million CFA francs=approx. \$5,611 Can.

Indo-China: Progress Is Slow

The shadow of civil war darkens Indo-China's present and future, but the economy has improved slightly in the last two years.

HONG KONG—The gigantic burden of the civil war against the Viet-Minh rebels still overshadows the economy of Indo-China* and hinders its recovery. During 1951 and early 1952, according to available statistics, economic activity did inch upward from previous postwar levels because of the improved military and political situation. But the country-wide disruption and the destruction caused by the bitter hostilities have continued to limit progress.

Production and export figures are still dishearteningly below those of 1938, and further recovery will depend directly on the success of the combined French and Indo-Chinese forces in restoring peace and security. Viet-Minh guerillas have terrorized and scattered the vital manual labourers and skilled workmen, damaged agricultural plantations and other basic installations such as irrigation works and collieries, and disrupted transportation and communications. Somehow, though, tonnages have managed to creep higher.

A Primary Producer

Indo-China is basically a primary producer. Agriculture is fundamental and mainly carried on by the plantation system. Rice is the staple and most important crop. Traditionally, foreign trade consists of the export of raw materials in exchange for imports of manufactured goods, and agricultural products are the predominant export. The leading foreign exchange earners are rubber, rice, maize and pepper, in that order, followed at a considerable distance by hides and skins, kapok, tea and dried vegetables.

Production Low

But production of these important products, and of almost every other, last year fell well below the 1938 figures. Rubber production was only 51,600 tons in 1951, compared with 60 thousand in 1938, and the area under cultivation had shrunk to 112 thousand acres from 250 thousand. Prewar, over six million tons of paddy rice were grown each year on eleven million acres, and exports averaged 1.3 million tons a year. Last year, however, only 3.5 million tons were harvested from 8.8 million

* Indo-China is the present name of that portion of Southeast Asia which now consists of the territories of the autonomous states of Vietnam, Laos and Cambodia, which before 1949 were part of the French Colonial Empire and called French Indo-China—Editor.

acres, and only 360 thousand tons could be exported. The story for maize is the same; the 1951 crop, from a much reduced acreage, was only 58,500 tons, compared with 632 thousand tons from 1.3 million acres in 1938.

Anthracite coal is the principal mineral product and export. (The country also has workable deposits of tin, lead, zinc, iron, bauxite and antimony.) Coal production too has suffered from the civil war, although new machinery has helped toward its recovery. The mines are in a guerilla-disturbed area and output last year reached only 650 thousand tons compared with 2.5 million in 1938.

Cement manufacturing is Indo-China's leading industry, followed by cotton textiles, alcohol, sugar refining, soap, salt and cigarettes. Most of the cement made is used for military purposes; the building industry comes second. The 202 thousand tons of cement produced in 1951 were well below 1938's 270 thousand tons.

Export Figures

The export tonnages of key products in 1938, 1945, 1950 and 1951 listed below show clearly the decline during the postwar period. The year 1945, nearly the end of the Japanese occupation, is included because, being the lowest point, it shows the progress that has since been made.

Key Indo-Chinese Exports

	1938	1945	1950	1951
	metric tons	metric tons	metric tons	metric tons
Rice	1,016,282	44,817	134,129	360,525
Coal	1,578,038	95	58,520	203,305
Maize	548,010	12,134	40,059	63,925
Rubber	58,023	69	52,417	53,575
Cement	144,576	130	17,108	12,147
Pepper	5,521	206	1,015	643

Imports Have Risen

By contrast, Indo-China's import statistics reveal considerably increased imports of those items she needs most, the result of the demands of war, the need for reconstruction materials and re-equipment, and for commodities like cotton textiles in which Indo-China, in happier times, was virtually self-sufficient. The table below compares the import tonnages of some key imports in 1938, 1945, 1950 and 1951.

Key Indo-Chinese Imports

	1938	1945	1950	1951
	metric tons	metric tons	metric tons	metric tons
Gasoline	72,552	64	94,132	131,768
Heavy oils	28,478	438	49,531	58,356
Flour	24,204	18	30,896	50,212
Iron and steel	45,150	7	47,742	44,163
Sugar	1,440	540	28,971	37,841
Paper	11,712	197	23,018	26,345
Potatoes	4,644	6	15,271	15,962
Milk products	5,724	24	10,648	14,857
Cotton textiles	8,070	5	11,612	13,453
Machinery	5,836	....	10,836	8,518
Pharmaceuticals	389	....	1,565	2,346

The net result of abnormally low exports and abnormally high imports has been to upset the balance of trade. Prewar, Indo-China enjoyed a surplus on trading account, but since 1947 she has had a serious deficit each year. The accumulated deficit for 1947-1951 is ten thousand million piastres.

France Bears the Burden

Indo-China's economy is incapable of coping with the circumstances it faces today. Of necessity France is bearing the strain. The French budget has financed most of the cost of the war effort. In addition, France has indirectly covered Indo-China's adverse balance of trade, has made further direct contributions to the costs of civil government and advances to the treasuries of Vietnam, Laos and Cambodia, and has voted funds for reconstruction and rehabilitation, etc. Her total military support alone is estimated in 1951 at an average 60 million piastres per day.

Though the three new states, Vietnam, Laos and Cambodia, are legally independent, they have not yet taken over all the reins of government and therefore Indo-China is effectively still within the French orbit. For example, the piastre, the common unit of currency of all three states, is legally tied to and convertible into the French franc at the statutory rate of one piastre equals seventeen francs, and the currency issue of the country must be 50 per cent backed by French francs. Indo-China is, therefore, part of the French franc area. Because France is footing the bills, but also because of this basic economic policy, needed imports come under an import control program and French franc sources get the first opportunity. French foreign exchange controls apply to Indo-China's import financing and export earnings, and Indo-China therefore feels the shortage of hard currency common to the French franc area. The two countries award tariff preferential rates to each other's products.

The United States is second in importance as a trading partner, but a poor second, even with allowance made for MSA aid (1950-51, direct aid US\$9 million, counterpart aid US\$11 million). Trade with Canada is negligible and the only immediate prospect for improvement is for Canada to share in MSA procurement purchases.

—T. R. G. FLETCHER

Canadian Government Trade Commissioner

NOTE ON ANGOLA

The Portuguese colony of Angola has seen its export income fall by about one-sixth during the first seven months of this year. Principal reason: smaller shipments of coffee and diamonds. The price obtained for sisal has also fallen drastically, though a greater volume of sales has kept the gross value high. Imposition of substantial export taxes, when world markets permit it, is common in African territories. Idea behind it is that in this way, reserves can be built up against the lean years.

Indonesia's Economic Problems

Internal problems in the new republic have forced the Government to impose strict financial controls which may reduce Canadian sales.

SINGAPORE—Indonesia, with a population of 70 million, is by far the largest country in Southeast Asia and in many respects the most important. It is the world's largest rubber producer, with a slight edge on Malaya; the second producer of tin; East Asia's largest source of petroleum products (and incidentally the birthplace of the Shell Oil Company), and an important producer of copra, tobacco, pepper, tea, coffee, and spices. Under favourable conditions, Indonesia should be an excellent market for Canadian manufactured goods and certain foodstuffs.

Unfortunately, the Government of this new republic faces many difficulties. Nearly four years of Japanese occupation, followed by years of intermittent strife before gaining independence, left the country with grave economic and political problems. These problems include low production of many of the major commodities; the drop in the price of rubber and tin; inflation; the presence of lawless elements creating disorder in several parts of the republic, and the overall problem of rehabilitating an economy ravaged by war and the establishing of a new self-governing state.

The boom in raw materials after the Korean War broke out was, on the whole, a blessing. It brought high returns for the country's exports. The subsequent decline in raw material prices, particularly of rubber, however, cut Indonesia's earning power at a time when the country had heavy overseas commitments. The present government has been forced to adopt an austerity budget and to take stern measures to meet a balance-of-payments crisis.

New Financial Controls

Government financial controls promulgated in August have made things difficult for the importer. Before he can obtain a foreign exchange licence from the authorities, he must deposit 40 per cent of the c.i.f. & c. value of the goods to be ordered. This regulation puts a heavy strain on the working capital of importing firms, particularly those who buy capital goods and, where possible, importers demand payment of the 40 per cent from their customers. The new Indonesian national firms particularly will find it difficult to operate because of insufficient financial resources. As the Government's declared policy is to foster an Indonesian mercantile society, it is likely that it will have to take special measures to assist this group.

With the new finance regulations, the lists of essentials, useful goods, non-essentials and luxuries were revised. The list of essentials incorporates 95 per cent of all imports and virtually all the needs of the masses.

Foreign exchange for the import of these goods is available at the officially quoted exchange rate of US\$1.00=rupiahs 11.40. For useful or "less necessary" goods—e.g., biscuits, jams and clothing—foreign exchange is provided at the official rate plus 100 per cent of the c.i.f. & c. value as an "inducement" or luxury tax.

Foreign exchange at the official rate plus an inducement of 200 per cent is charged for non-essentials such as cars, refrigerators, and radio-grams. No foreign exchange is provided for luxuries—for example, cars over \$2,100 c.i.f. Jakarta.

Production and Exports Declining

Production and exports of Indonesian produce continue well below prewar levels; copra and copra cake are the only exceptions. Rubber, the main foreign exchange earner, fell in production from 440 thousand tons in January-June 1951 to 350 thousand in the first six months of 1952. Sugar, exports of which totalled over a million tons in 1941, is now barely sufficient for domestic requirements. Prewar Indonesia was self-sufficient in rice, exporting high grades and importing low grades. This year the rice harvest will be only half that expected and efforts are being made to obtain 600 thousand tons from Burma, Thailand, Italy, United States and Brazil. Declining productivity is the most serious threat to the economic welfare of the new republic.

Exports of Indonesia

(Quantity in metric tons; value in 1,000 rupiahs)

		1941	1950	1951	Jan.-June 1952
Rubber	Quantity ...	692,965	641,889	756,934	451,860
	Value	463,135	1,146,274	2,379,410	2,068,984
Petroleum and products	Quantity ...	5,703,806	5,896,295	1,245,913	2,883,907
	Value	123,591	538,865	633,427	778,812
Tin ore	Quantity ...	80,969	44,308	44,930	22,930
	Value	105,372	185,254	308,435	374,667
Copra and copra cake	Quantity ...	216,963	338,795	589,930	240,478
	Value	4,500	222,090	503,158	329,041
Tobacco	Quantity ...	12,211	12,375	12,915	6,468
	Value	18,632	70,734	103,484	128,776
Tea	Quantity ...	85,236	31,099	45,337	18,319
	Value	76,616	101,002	138,907	126,484
Palm oil	Quantity ...	196,725	97,096	97,621	42,106
	Value	7,277	81,798	125,504	113,295
Coffee	Quantity ...	27,469	13,560	24,225	6,206
	Value	9,016	55,689	80,692	64,141
Hard cordage, includ- ing manila fibre....	Quantity ...	105,077	5,371	14,065	11,531
	Value	13,278	8,642	26,553	54,131
Pepper	Quantity ...	42,543	7,239	3,284	1,447
	Value	4,718	80,269	43,941	41,974
Kapok	Quantity ...	27,301	7,198	5,313	1,782
	Value	8,067	20,846	17,597	14,108
Gums and resins	Quantity ...	35,933	11,500	9,720	3,359
	Value	6,693	13,221	13,438	9,689
Spices, cloves, mace, nutmeg, cinnamon.	Quantity ...	8,501	7,986	6,643	1,696
	Value	2,213	9,559	10,732	7,354
Essential oils, citronella, etc.	Quantity ...	2,573	407	416	223
	Value	4,938	6,050	12,397	5,761
Sugar	Quantity ...	1,050,070	2,492	6,405	570
	Value	64,767	1,415	4,554	400
Tapioca	Quantity ...	206,702	17,529	24,264	174
	Value	14,673	6,067	9,367	384
Rice	Quantity ...	122,309	518	73	....
	Value	10,250	418	29	....



—Standard Oil N.J.

(Above) *Indonesian farmers in Bandoeng, Java, on their way to market. They transport their produce in a characteristic way.*

Canadian exports to Indonesia during January-June 1952, at \$5.2 million, were almost exactly double the figure for the same period in 1951, and almost equal to the value for all of last year. Flour has continued to be the item of main interest, with exports at 173,802 barrels during the first six months compared with 118,487 barrels during 1951. The demand for the 1952-53 International Wheat Agreement allocation has been so great and the strain on the import licensing system so heavy that the issue of licences was put in the hands of the government rice agency.

Indonesia's critical rice shortage is the main reason for rapidly increasing flour imports. One unfortunate feature of the trade is that, in the last year or two, a large number of speculators without previous experience in the commodity have entered the trade with the idea of making a quick profit rather than building up a steady business. These importers trade in flour as they do in cement and wire nails, with price a more important factor than quality. Nevertheless, when the Indonesian flour market returns to normal, those exporters who concentrate on quality will be in the best position to serve this market.

Canada's exports of motor cars, trucks, tires, sparkplugs, brake lining and parts increased from \$1,342,000 during 1951 to \$1,493,000 during the first six months of 1952. Vehicle exports will be cut because of the new import regulations but the trade in accessories and parts should not be affected.

Exports of newsprint and other papers, at \$336,246 for January-June 1952, are about equal to the value of exports during 1951. There has been some increase in our sardine and herring exports but Japanese competition and Indonesian import controls will make sales difficult.

—D. S. ARMSTRONG

Canadian Government Trade Commissioner

Iran: the Situation Today

What has happened to this country of 19 million since the oil dispute broke out? Here is a partial answer to that timely question.

KARACHI—The tragic drama resulting from the dispute over Iran's oil industry, with all its political repercussions, has become well known to readers of the daily press during the past year and a half. Actual economic conditions within the country during that time have received far less publicity.

Contrary to the expectation of some, Iran has failed to collapse, despite the loss of oil revenues and external pressures. It is a fact, however, that its economy has been immeasurably weakened.

Agriculture Basic

Perhaps the fundamental reason why Iran's economy has survived—and will probably continue to survive notwithstanding the tremendous blow it has received—is that it is basically agricultural. Over eighty per cent of the country's 19 million people till the soil. Most of them are peasants whose standard of living is so low that they are little affected by economic changes, external or internal. The small percentage of wealthy landowners, merchants and others are the people who are most affected—and, it should be added, the government employees whose pay is in arrears.

Internal economic conditions in Iran have changed little over the past year. The efforts of the Iranian Oil Commission to keep the former Anglo-Iranian Oil Company's refinery at Abadan in operation have succeeded, but only on an exceedingly small scale. Foreign assistance is definitely needed to bring it into full operation.

The outlook for the masses improved considerably in the spring when heavy rains promised a bumper wheat harvest. This hope was later realized. The usual locust threat to the crops was prevented by timely assistance from the Food and Agricultural Organization, Russia, the United States, Pakistan, and India. Further improvements in the lot of the peasants came with the decision of the Shah to distribute his estates among them, a decision which is actually being implemented. The Government's decree forcing reluctant landowners to give ten per cent of the crops to the peasants was also a boon.

Money Shortage

Business and industrial activity in Iran has suffered considerably from a shortage of money and consumer demand is low. A decline in exports has been evident in recent months, and in an effort to remedy this the Government has been trying to improve the quality of exports. Although recent trade figures are not available, indications are that Iran's

exports are greater in value and volume by a small percentage, compared with the same period last year. The efforts to improve the quality of exports may thus be bearing some fruit.

Although the shortage of money in Iran was a problem even before the oil dispute broke out, the dispute and its effects have served to emphasize this. There are constant rumours that the Government will print more notes. However, at the moment the shortage is critical and is being felt particularly by unpaid government employees. There have only been a few minor strikes.

Development Plans

Development plans for Iran, which got off to a good start in July 1949 under the Seven Year Plan Organization, have largely been abandoned, although some projects are said to be proceeding sluggishly. The Organization is responsible for running the coal, silk, and chemical industries, all of which are showing a loss. However, the cement and sugar industries, for which it is also responsible, are said to be making a slight profit.

Foreign aid has come from the United States Point Four program. In 1951-52 the U.S. allocated \$23.5 million, of which approximately half went into rural improvement schemes, \$4 million to industrial projects, and the remainder into health, transportation, and mineral exploration schemes. In all, about \$9 million of the 1951-52 allocation went into capital works and equipment. The United States Point Four budget for Iran for the 1952-53 fiscal year is between \$20 and \$22 million, \$1¼ million of which has already been advanced.

Germany is showing renewed interest in Iran and has proposed a scheme by which agricultural students will be trained in Germany.

Foreign Trade

With severe restrictions on imports, the gap between imports and exports has been reduced. However, it is improbable that exports and imports will be balanced.

The chief commodities which Iran imports are sugar and tea; cereals in deficit years; cement when local production does not satisfy development needs; tires; paper; cotton and woollen piece goods; pharmaceuticals and dyes; glassware; iron and steel; electrical appliances; machinery, including agricultural machinery; and vehicles. The principal and traditional exports are animal casings, gum tragacanth, dried fruit, medicinal opium, rice, hides, lambskins (caracul), wool and hair, cotton, and above all carpets, which is the most valuable export with the exception of oil.

The pattern of Iran's export trade during the past year shows Soviet Russia as the largest buyer, with Germany second and the United Kingdom third. Germany's second place indicates that it is again resuming its prewar importance as one of Iran's best customers.

Largest suppliers during the past year were the United States, the United Kingdom, Russia, and Germany, in that order.

Barter trade agreements have been signed or discussed during the past year with Czechoslovakia, Poland, and Japan. Trade agreements with Germany and Russia (which together account for one-third of Iran's total import-export trade) were concluded in June. However, negotiations with Russia were temporarily interrupted when Iran accepted U.S. military aid.

Canada's trade with Iran is certainly not large but Canadian products are known and have a good reputation for quality. Canada's exports to Iran in 1951 reached approximately \$1 million and consisted mostly of manufactured products, such as tires for motor vehicles, agricultural machinery, kerosene pressure lanterns, pharmaceuticals, etc. For the first half of 1952, our exports were at about the same level and with no change in commodities.

Canadian imports from Iran in 1951 were valued at \$520 thousand; the major items were dates, walnuts, and carpets. Imports for the first half of 1952 are showing a slight increase, with the emphasis on the same commodities.

The outlook for the future, economically or politically, is difficult to predict, but obviously will depend on future developments in the oil dispute. If a satisfactory settlement is achieved, then Iran should again have foreign exchange to spend and offer good prospects for Canadian export trade.

—A. P. BISSENET

Commercial Secretary for Canada

Iraq Stresses Development

With immense oil resources and sound long-term plans for the development of the country, Iraq seems headed for a bright future.

BEIRUT—Iraq is essentially an agricultural country dependent on an extensive irrigation system, and it is estimated that approximately 80 per cent of the population of five million get their living directly or indirectly from the land. The principal crops are barley, rice, wheat and dates.

As in other countries of the Middle East, the discovery and exploitation of oil resources have radically changed the economic outlook. The oil reserves are considered to be immense and development has been planned along sound lines.

However, recent political events in Iraq have been responsible for the suspension of the Development Board Law. Under this law, the program recommended by the Development Board of Iraq, on the basis of a survey made in 1951 for the International Bank for Reconstruction and Development, was put in hand. Seventy per cent of the oil royalties were devoted to carrying out the program. Although royalties averaged about I.D.10 million before 1951, the new 50/50 agreement with the oil companies ratified in February means improved conditions for Iraq. On the basis of planned expansion of production and increased pipeline capacity, the following royalty payments are scheduled:

1952	.....	I.D. 23 million	
1953	.....	I.D. 45	" (approx.)
1954	.....	I.D. 54	" "
1955	.....	I.D. 59	" "

The program envisages a total expenditure of I.D.168·5 million, of which I.D.55·2 million will be devoted to flood control, irrigation and drainage; I.D.7·5 million to agriculture and forestry, including grain storage; I.D. 37 million to industry (petroleum refinery, ammonium sulphate and carbon black factory, sulphur recovery, cement plant, industrial bank, etc.); I.D.31 million to transport and communications (railways, roads, port development, airports, telegraphic and telephone services); I.D.23·2 million to water supplies, electricity, sewage; I.D.6·1 million to education; and I.D.5 million to hospitals and public health projects.

Financing Development

Key to the financing problem is the planned and rapid expansion of oil production. The three major oil companies—Iraq Petroleum Company, Mosul Petroleum Company and Basrah Petroleum Company—have undertaken to increase output to 30 million tons a year by the end of 1955. Progress towards this goal has been rapid. To give an example, Iraq Petroleum Co. increased production from 4·1 million tons in the first half of 1951 to 6·1 million tons in the same period of 1952. The new 30-inch pipeline from Kirkuk to Banias, Syria, was formally opened by King Feisal at the end of November. It raises the former capacity of eight million tons to 22 million tons a year.

A certain proportion of the royalties which are paid in sterling is released to Iraq, as a member of the sterling area, in the form of dollar exchange. It must be used only for products which cannot be obtained in soft currency countries or when the delivery date is important and delivery from a dollar country will be much quicker. Although there is no information on the amount of hard currency released in 1952, in 1951 the program for importing from scarce currency countries amounted to nearly \$16 million. The principal items were trucks, cars, tires, tubes and batteries, lubricating oils, agricultural machinery, industrial and drilling machinery, cotton piece goods, and milk. Lesser amounts were spent on household electrical appliances and apparatus, typewriters and office materials.

Foreign Trade

Little statistical information is forthcoming on the foreign trade of Iraq for the last few years. In 1949, however, the United Kingdom supplied nearly half the country's imports and the United States, Italy and Syria each supplied about 10 per cent.

Germany has increased its trade with Iraq notably. A report gives exports to Germany in 1951 as the equivalent of \$32·9 million. The corresponding figure for the United Kingdom is \$43 million and for the United States, \$16·5 million. For the same period, Iraqi imports from these countries were: U.K. \$47·1 million, U.S. \$28·7 million and Germany \$2·3 million.

Canadian Trade with Iraq

Dates are the only export to Canada and shipments totalled \$2,129,925 in 1951. The export monopoly held for many years by a British firm was terminated this year. The concession has been awarded to a government-sponsored company, the Iraq Date Trading Co. Ltd., of Basrah, which is reputed to be taking over a considerable portion of the organization and personnel of the former holder.

Exports to Iraq

	1950	1951	Nine months to Sept. 30, 1952
Total exports	\$70,127	\$1,062,498	\$271,106
Principal exports by commodity:			
Tires and tubes	258	681,357	94,254
Planks and boards	3,774	81,563	33,230
Agricultural machinery	10,143	105,390	16,607
Wrapping paper, coated		65,533	....
Automotive vehicles		46,578	74,423
Metal lamps		1,994	12,772
Radio apparatus	1,230	16,630	5,570

Despite Iraq's situation within the sterling area, the marked increase in total oil royalties may well mean that, over the next few years, dollar exchange will be available for a greater variety of goods than formerly, even though they will be of the "essential" type. Subject to favourable conditions, the economy of Iraq should expand rapidly in the next few years, both agriculturally and industrially. Dollar imports of consumer goods will probably continue to be severely restricted, but sales opportunities should be promising for capital goods such as agricultural machinery, petroleum refining plant, and other machinery, where price and delivery are important factors.

When the large-scale investment program is resumed, its progress will be accompanied by a general increase in the people's buying power. The demand for consumer goods, both local and imported, should rise. The obvious conclusion is that, from the Canadian exporter's point of view, Iraq is a market well worth watching.

—G. F. G. HUGHES

Canadian Government Trade Commissioner



(Above) Typical hut of a farm worker in Egypt. Bulk of Canada's exports to this country consists of wheat and wheat flour, to augment local foods.

Israel

The Present and the Future

Israel is surmounting immediate economic problems, with outside aid; needs raw materials and foodstuffs in volume, as her trade with Canada shows.

ATHERNS—A series of financial crises in Israel's international balance of payments position, overcome only by drastic expedients, has hindered business activity during the Jewish calendar year 5712, ended September 30, 1952. The receipt of the first U.S. economic aid at the beginning of the year and the successful conclusion of protracted negotiations on German reparations at its close gave Israel the strength to weather the immediate economic storm. The prospect for a few years hence, however, still remains clouded.

Recent Trade Developments

The outstanding developments during the past year affecting Israel's trade are:

- The new economic policy introduced in February with its triple rates of exchange.
- A greatly reduced flow of immigrants.

The new economic policy was designed to stabilize the currency and arrest inflation, encourage foreign capital investment, speed up production, and increase exports by making Israeli products more competitive on world markets. Imports are now being charged for at three separate rates: US\$2.80, US\$1.40, and US\$1.00 to the Israeli pound, in inverse ratio to their essentiality. The object is to reduce the demand for less essential commodities and, at the same time, aid deflation by mopping up surplus currency in circulation through higher costs for less essential imports.

The second important government decision made necessary by economic difficulties involved a radical change in the attitude towards mass immigration. Once this was determined by humanitarian principles only. Now, however, selective immigration is the policy. This permits entry only to immigrants who will quickly become productive. Hence the demand for consumer goods, estimated at I£10 million a year for every 100 thousand new arrivals, will not continue at the same accelerated pace as in 1951, when the population increased by over 15 per cent.

A third factor of immediate importance is increased foreign aid. Last year's U.S. grant-in-aid of \$65 million for industrial and general development purposes and consumer goods (mainly foodstuffs), has been followed by one of \$73 million for the 1952-53 U.S. fiscal year.

Finally, under the terms of the recently signed restitution and reparations agreement, the German Federal Republic has agreed to supply



(Above) One of Israel's development projects is the replanting of eroded areas with sturdy young trees. Photo shows the activity in a government tree nursery where the seedlings are raised.

Israel with a wide range of industrial products and raw materials—to a total value of \$715 million over the next twelve years, including goods to the value of \$42 million during 1953.

Israel's balance of payments position will thus be safeguarded for at least another year, despite the exhaustion of U.S. Export-Import Bank credits and of most sterling balances and foreign security holdings, and the slackening-off of receipts from North American Jewry through outright gifts and sale of an "Independence Bond" issue.

Import Practices

Because of uncertain foreign exchange revenues, Israel does not have a formal published import licensing program against which foreign exchange is allocated in advance. Instead, each item is judged for essentiality in the light of available foreign exchange and alternative sources of supply at the time. This uncertain method of procurement has resulted in basic food rations of some items not being available for many weeks. It has also meant irregular supplies of essential raw materials for industry reducing production, export deliveries and employment, and some delays in receiving capital equipment for industrial, agricultural and general development projects.

Dollar purchases are already confined to products which cannot be obtained through other means—such as loans and credits, soft currency payments and barter transactions. Barter assists the sale of Israeli products which otherwise would find little demand on world markets because of their high prices. Israel has concluded bilateral clearing and

payments agreements providing for the exchange of listed goods with many European and some South American countries. Canada does not engage in such transactions.

Raw Material Shortages

In general, Israel's diversified industry has expanded satisfactorily, particularly textiles, metal, electrical and rubber goods, pharmaceuticals, chemicals, cement and foodstuffs. However, with the exception of the latter three, restricted raw material supplies stemming from periodic shortages of foreign exchange are affecting production adversely. Many factories have been compelled to reduce output and lay off workers. Worthy of note in the recent industrialization of Israel are two rubber tire plants whose products, in addition to covering local requirements, will be used for Kaiser-Frazer cars earmarked for export and an assembly plant for Mack trucks and Chausson buses. Local potash and phosphates have been developed and used for an expanding chemical fertilizer industry which will serve both the home and export markets.

Citrus Trade

Sales of Israel's main export, citrus fruit, which accounts for over 50 per cent of exports by value, totalled I£5.6 million for the season ended May 1952. This was a decline from the previous year's figure of I£6.1 million, with the number of cases down by over half a million to 3,634,927. The United Kingdom continues to be the principal purchaser with 2,105,907 cases, compared with 2,642,120 cases during the 1950-51 season. Initial sales of 166,680 cases were made to Soviet Russia. Despite the expectation that the pending citrus season would be the best in years, reliable estimates do not place this year's total crop above last year's 8.2 million cases, of which less than half were exported. However, the Government's recent agreement to pay one Israel pound for every dollar equivalent of foreign currency earned from citrus exports, and small export premiums per case, should help to boost sales abroad above the estimated 4 million cases. A 2½ time increase in domestic citrus prices may counteract these export inducements.

The agricultural picture is particularly bright this year, with a bumper harvest estimated at from two to four times the poor 1951 crop and almost double the average harvest. It is reported that Israel is already well on the way to being self-supporting in dairy products. The Government plans that, by 1955, the country will grow sufficient food to support two million people (present population 1.6 million) except for bread grains, especially wheat. Canadian wheat exports should therefore be needed for some years to come.

Foreign Trade

Like other young countries facing immigration and development tasks, Israel continues to have an adverse balance of trade, but this trade deficit has largely served the investment needs of the economy. It has been met by contributions and loans of international Jewry, foreign government loans and credit facilities, investment capital, trade credit, sterling balances, sale of foreign securities, etc.

The following official trade statistics show the external trade of Israel for the calendar years 1950 and 1951 and the first five months of 1952 (latest available):

Year	(In million Israeli pounds)		Trade deficit	Exports as % of imports
	Total imports	Exports and re-exports		
1950	102.6	13.2	89.4	12.8
1951	122.6	16.7	105.9	13.6
Jan.-May 1951	42.4	10.3	32.1	23.8
" " 1952	52.6	9.5	43.1	18.1

Official sources estimate provisionally that the trade deficit for the year 1952 will be about I£ 110 million, with imports approximating I£ 130 million and exports I£ 20 million.

Import Picture

This import level of I£ 130 million is considered the minimum necessary to meet the needs of an increasing population and an expanding economy. The main commodity groups in Israel's import trade include grain and flour; meat, including canned; dairy products; feeds; fruits, nuts and vegetables; wood and timber; textile materials; seeds, beans and nuts for oil; oils, fats, gums and resins; hides and skins; miscellaneous raw materials; iron and steel and manufactures thereof; non-ferrous metals and manufactures thereof; hardware implements; electric goods and apparatus; machinery; cotton, woollen, silk and rayon yarns; wearing apparel; chemicals, drugs, dyes and colours; oil, fat and wax manufactures; leather; paper and board; rubber manufactures; aircraft, ships and vehicles.

For the immediate future, the import pattern will no doubt follow the past, with the value of total imports divided almost evenly between capital equipment for industrial and agricultural development and expansion; essential foodstuffs, largely wheat and flour, and other consumer goods on the one hand, and raw materials for both industry and agriculture on the other. It is, however, possible that future imports will favour larger supplies of raw materials at the expense of development goods, as the need for raw materials to maintain full production in present industries is being generally realized.

The United States continues to be Israel's leading supplier, providing over one-third of total imports. The United Kingdom retains second place, supplying approximately ten per cent. Other important supplying countries include Canada, South Africa, France, Italy and Belgium.

Problem of Exports

There is little chance of a substantial increase in the value of exports until Israeli products become more competitive on world markets. This goal cannot be reached until inflation is overcome, production costs and methods streamlined, and regular supplies of raw materials assured. A step in the right direction is the recent introduction of the tender system of contracts and price control which is gradually replacing the inefficient "cost-plus" system previously in effect. Meanwhile Israel is relying largely on barter trade to dispose of her soft goods such as textiles and wearing apparel, chemicals, pharmaceuticals including antibiotics, etc.

Diamond exports rank next to citrus fruit as a foreign exchange earner. Fruit juices have maintained their position high on the list of exports. Sales of motor cars, Israel's newest export, produced by the

Kaiser-Frazer factory inaugurated early in 1951 have made steady progress. On the other hand, sales of textile products, which showed such promise during 1951, declined seriously following the general world textile depression.

The United Kingdom continues to be Israel's best customer, taking approximately 40 per cent of total exports, including over half of all citrus sales. The United States is the second largest purchaser of Israel products, taking the bulk of diamond exports.

Israeli-Canadian Trade

Canada was Israel's seventh most important supplier during 1951, and from January-May 1952 was surpassed only by the United States, the United Kingdom and Belgium. On the other hand, Canada dropped to fourteenth place in Israel's export trade during the first five months of 1952 from eleventh place in 1951.

Canada's favourable balance of trade with Israel—at a ratio of 13 to 1 during 1951—has continued and even increased during the first six months of 1952. Exports totalled about \$7 million against imports into Canada of just over half a million dollars, compared with \$5.7 million and half a million respectively for the corresponding period of 1951. However, allowance must be made for Canadian exports to Israel of over \$1.5 million worth of arms and ammunition from January-June 1952, (items which did not enter into the previous year's trade for that period) for an increase of \$1.5 million in wheat and flour shipments, and for small increases for aluminum and other non-ferrous metals.

Taking all this into account, it is clear that there has been some slackening in demand for other staple Canadian products, including lumber and plywood, paper products, agricultural machinery and parts, antibiotics, and plastic raw materials, all of which are now being obtained from European sources under the terms of clearing and payments agreements. German reparations will result in further competition with these Canadian exports. Canadian shipments of truck tires will be reduced by the recent inauguration of two Israeli factories producing most types of tires.

Diamond sales continue to provide the main source of revenue in Israel's trade with Canada and the market for non-sparkling wines continues fair. Last year's considerable shipments of yarns, worsteds and serges have not been repeated, though exports of cotton raincoats and women's clothing have increased.

Outlook

There is little chance of any noticeable improvement in Israel's economic position until the new economic policy of last February has proved successful. Although there are some encouraging signs, the outcome is still far from clear. It is certain, however, that Israel will be dependent on outside assistance for many years to come.

Apart from such basic products as wheat and flour, and probably canned meat, lumber, newsprint and non-ferrous metals, reliance on alternative sources of supply in Europe, with more credit facilities assisted by bilateral commercial agreements, may further reduce Canadian exports to Israel.

—H. W. RICHARDSON
Commercial Secretary for Canada

Japan

Foreign Trade Slackens

Export totals failed to reach the planned objective for 1952; imports too were well below '51 figures. Canadian sales to Japan, however, continued high.

TOKYO—The slackening apparent in the volume of Japan's foreign trade during the last half of 1951 continued throughout 1952. Japan's economy rises and falls with her foreign trade and both domestic and export business were therefore depressed. Most categories of industrial and trading firms were affected by the business decline but the textile and allied trades suffered most. Textiles form an important percentage of Japan's exports and the import and other restrictions imposed by Japan's traditional markets forced the industry to reduce its output.

The economic recovery program was naturally influenced by the business slump but continued on a somewhat smaller scale. Efforts were directed to modernizing and improving the competitive position of other industries to take up the slack created by the fall in textile exports. Japan's dollar-earning capacity, however, was not appreciably impaired because expenditures by the Armed Forces in Japan and for Korean rehabilitation remained high. This permitted some flexibility in the purchase from dollar countries of raw materials, plant and machinery.

Foreign Exchange Position

Japan's foreign exchange position at the end of this year was considered favourable because her accumulated dollar balances exceeded \$700 million and sterling holdings were about £80 million. Import restrictions continued in 1952 but considerable leeway was allowed, except in manufactured products of types which were available from domestic production. Because Japan's exports to sterling area countries exceeded imports, efforts were made to increase purchases from sterling supplies. Imports from countries in the dollar area, including Canada, were largely restricted to raw materials and foodstuffs.

Import Procedures Improve

The import systems followed in 1951 were used again in 1952 and proved sufficiently elastic to cover most types of imports. The foreign exchange budget, previously fixed quarterly, was changed to six months, with satisfactory results. The procedures covering imports have become standardized to the point where most importers are familiar with the regulations. The foreign exchange budgets, furthermore, set up allocations for essential imports in most categories, with provision for special

imports as the need arises. Importers negotiating with shippers in overseas markets for commodities specifically listed in the half-yearly foreign exchange budgets now have reasonable assurance that the necessary foreign exchange will be forthcoming.

The encouraging increase in Japan's export trade during the past few years was checked in 1952. At the beginning of the year exports were expected to be well above the creditable total of \$1,350, million in 1951, but in the first nine months of 1952 reached only \$1,003 million. The usual rise in exports in the latter part of the year failed to materialize and, consequently, the objective of \$1,500 million for 1952 was revised.

Imports in 1952 were well below those of 1951; the value for the first nine months of the year was \$1,225 million, compared with \$2,050 million for the calendar year 1951. But this was expected because of the large stockpiles of high-priced commodities purchased last year.

Sterling Markets Important

Sterling area countries again constituted Japan's most important market. In the first nine months of 1952, their purchases were valued at \$504 million, compared with \$610 million for the whole of 1951. Imports from the sterling area for the period January-September 1952 totalled \$376 million, compared with \$470 million in the previous twelve months.

Trade with Dollar Areas

Japan's imports from countries in the dollar area in the first nine months of 1952 were valued at \$685 million; exports at \$278.1 million. The 1951 totals placed exports to dollar areas at \$320 million and imports at \$1,200 million.

One other important group of markets is the "open account" countries, including Sweden, Denmark, the Netherlands, France, West Germany and Indonesia. The imbalance in trading accounts between Japan and open account countries must, under the trade agreements, be settled in dollars

(Right) Young Japanese girls at work in one of the great silk plants, tending the machines which reel off the silk from cocoons. The textile trade in 1951-52 has suffered from lack of markets and output was reduced.



at stated intervals. Most of these accounts are out of line and to adjust the balance without paying over dollars, a number of "switch" transactions have been instituted.

Japan's exports to open account areas in the first nine months of 1952 were valued at \$221 million and imports at \$163 million. The figures for 1951 were exports, \$420 million, and imports, \$370 million.

The raw materials Japan needs she is purchasing, in some cases, at lower prices from dollar suppliers. Her traditional markets, however, are in the sterling area and other countries with inconvertible currencies.

No radical change in Japan's trading pattern is indicated for the near future. Measures to increase exports to markets such as India, Pakistan, Indonesia and other countries in the Far East and Southeast Asia have been considered. The quality of some Japanese exports, such as plant and machinery and electrical items, has been improved but no sustained, intensive efforts have been made to expand exports to dollar markets.

Largely because of external factors and the slump in international trade, plans to increase exports have not brought the hoped-for results. Japan has trade and payments arrangements with a number of countries and is trying to conclude commercial and navigation treaties with leading trading nations. It is unlikely, however, that exports will reach the desired goal until the international trading position improves.

Trade with Canada

Canada's position in Japan's import trade has improved considerably in comparison with prewar, largely because of increased shipments of wheat and flour and substantial quantities of barley and iron ore. Canadian exports to Japan in 1952 continued at the same rate as in 1951, when Canada was in fifth place and supplied 3.9 per cent of Japan's total imports. For the first nine months of 1952 imports reached \$58 million, compared with \$81 million for the previous twelve months. Principal products shipped to Japanese markets were wheat, barley, flour, whisky, tallow, hides and skins, pulp, iron ore, brass scrap, iron and steel scrap, lumber and asbestos.

The value of Japan's exports to Canada in 1952—\$10,133,000 in the first nine months—did not increase over the previous year (\$14.8 million for the 12 months; 1.1 per cent of total exports). The products shipped to Canada covered a wide range—toys, sewing machines, porcelainware, canned and frozen fish, cotton piece goods, silk fabrics, optical goods, tea and sodium glutamate. Shipments of steel plate and oil well casings also increased.

Immediate Prospects

There is a continuous and substantial demand in Japan for raw materials and foodstuffs. The country badly needs grains, including rice, and other commodities required to maintain industrial production and ensure a reasonable standard of living for a growing population. The rate at which imports from dollar sources of supply such as Canada will continue depends on the country's dollar-earning capacity. This is satisfactory for the moment, but the present business depression is expected to restrict purchases during the next few months.

—J. C. BRITTON

Commercial Secretary for Canada

Jordan

CAIRO—The foreign trade of Jordan has not been active during the past year, because of a money shortage and the aftermath of the poor 1951 harvest. The harvest in 1952 was good, however, and provided a small export surplus of certain grains.

The Government has set Jordan's import program for the year 1952 at JD10 million.* Though official imports cannot exceed this amount, it is possible to import other goods "illegally" on the payment of a fine of 15 per cent of value for goods from the soft currency area and 25 per cent of value for goods from the hard currency countries. The exchange for such imports is obtained on the free market, usually of the Lebanon. The cost of these "illegal imports" is obviously very heavy.

Imports and Exports

The volume of Jordan's imports has changed little. They totalled over JD12 million in both 1949 and 1950 and JD15 million in 1951. Exports, principally fruit and vegetables, go mainly to neighbouring countries, with some movement of barley to the United Kingdom and rock phosphates to the Netherlands and Italy.

Heavy cost of transport to the seaboard handicaps exporters. The development of the Port of Aqaba on the Red Sea is progressing and when bulk cargoes can be handled effectively there, the price of both imports and exports should be reduced considerably.

The United Kingdom is, as always, Jordan's principal supplier, but Germany, Italy and Japan are now obtaining a larger share of the market, particularly for textiles and machinery.

Trade with Canada

Canadian exports to Jordan in 1951 totalled over one million dollars in value, compared with the very modest figure of \$46,338 in 1950. Wheat largely accounted for this rise. Canadian exports to Jordan for the first nine months of 1952 include no wheat but rather commodities such as tires and tubes, milk powder and automobile parts. The total value of these exports was \$78,106.

One of the serious problems confronting Jordan is the plight of the large number of Arab refugees from Palestine at present in the country. In 1951, the United Nations voted to provide \$250 million to carry out a three-year aid program to re-establish these refugees in Jordan and adjoining Arab states. An extensive investigation of all available lands and irrigation possibilities has been carried out by the United Nations Relief and Works Agency for Palestine Refugees. It is now apparent that not all of them can be settled in Jordan.

Initial expenditures by this United Nations Agency, with headquarters in London, may include funds for the establishment of farms and small experimental villages and the setting up of small industries, such as fruit and vegetable canning, oil pressing, a tannery, and two small chemical plants.

—W. H. HOPPER

Office of the Canadian Government Trade Commissioner

* 1 Jordan dinar=£1.

Lebanon: Trends and Developments

This small country has become an important financial, shipping and transit centre of the Middle East; offers Canadians an attractive but competitive market for certain products.

BEURUT—Noteworthy developments of 1952 in Lebanon were:

- Market conditions varying from fair to dull.
- Serious threat to Beirut importers from a Syrian decree which severely curtails the activities of foreign merchants dealing in Syria.
- The change of government in September, as a result of which new policies are already emerging. Most important to the trading community is the possible switch from the "open door" policy to a system of controlled imports.
- Maintenance of the value of the Lebanese pound as an international currency, despite the heavy foreign trade deficit.

Transit Trade

From Biblical times the people of the area now comprising the Lebanon—not quite twice the size of Prince Edward Island—have been traders. Since the war, the importance of the Lebanon and particularly Beirut, its capital and port, as the financial, shipping and transit centre of the Middle East has become more and more apparent. The maintenance of a free currency market in which all currencies are convertible has given Beirut merchants a marked advantage over their competitors in other mercantile centres hampered by strict exchange controls.

This transit trade, usually about three times the value of imports for domestic consumption, brings prosperity to importers and to certain others associated with commerce far beyond that normally expected in a community the size of Beirut. Because of the widespread practice of townspeople maintaining their contacts with rural area, some, if not much, of this prosperity eventually finds its way back to the Lebanese villages, where the standard of living is higher than in neighbouring countries.

Although Lebanon is inextricably bound to Syria economically, both governments agreed on March 14, 1950, to sever the customs union arrangement which was made following the end of the French mandate in 1944. This move, understood to have been largely at Syria's instigation, is considered unfortunate for both countries. After protracted negotiations, an economic agreement involving special customs concessions was signed in March 1952. In line with its nationalistic policy, however, the Syrian Government passed a decree, made effective in September, which severely curtails the activities of foreign merchants in Syria. The transit trade was thus dealt a heavy blow. The tourist season, on which the Lebanon depends for a significant part of its foreign exchange earnings, was below expectations.



(Above) A native Lebanese gazes across at the St. George's Hotel in Beirut, the busy capital of Lebanon and transit centre of the Middle East.

A recent pronouncement by the Minister of National Economy indicates a possible change in economic policy resulting from the change of government in September. The Minister stressed the importance of continuing the transit and re-export trade, but also pointed to the large trading deficit and the desirability of ending the "open door" policy of freedom of trade, doubling the production of wheat, and reinstating economic union with Syria. Much is heard of the "austerity" method of closing the trading gap. This possibility is, of course, most unpopular with the business community and should be watched closely by Canadian businessmen who desire to export to this area.

Economic Aid

The agreement with the United States Government, signed on June 28, is significant. Under this, the Lebanon will receive technical assistance through the Point IV program amounting to \$3.1 million. The largest project being considered is the development of the Litani River for irrigation, domestic water supply and power generation. Other projects include rural development, promotion of health, sanitation, and educational improvements.

Foreign Trade

The following brief extracts from official statistics illustrate the wide discrepancy between imports and exports and the country's dependence on transit trade and invisible earnings.

	1951	1st quarter	1952 2nd quarter	3rd quarter
		(in millions of Lebanese pounds)*		
Imports	321	83.9	73.3	82.8
Exports	98	21.9	14.1	13.4
Re-exports	8	5.5	6.2	4.6
Transit (including gold and oil)	1,137	285.5	250.2	257.1

* One Lebanese pound=approx. 28 cents Canadian.

The importance of oil and gold in the transit figures can be seen in the third quarter of 1952. Of the total of 257·1 million pounds, oil accounted for 118·6 million and gold for 64·1 million. Transit gold in the second quarter, mainly from the Netherlands, the United Kingdom, France and the United States, went to Saudi Arabia and "other countries", believed to be chiefly India.

Principal imports in the second quarter of 1952 were sheep and cattle, gold, petroleum products, cheese, pharmaceutical products, sugar, skins, radios. The chief exports include citrus fruits, apples, vegetables, cement, raw wool and raw cotton.

Imports by Principal Countries

	1951 (millions)	1952	
		1st quarter of Lebanese pounds)	2nd quarter pounds)
Syria	90	9·0	14·2
United States	85	17·1	13·8
France	60	7·7	8·5
United Kingdom	50	7·7	8·6

Except for a general reduction in value, there has been no significant change in the import pattern. The export picture, on the other hand, has changed. Exports to the United States fell from 12·6 million pounds in the second quarter of 1951 to 0·6 million in 1952. Syria, Egypt and Saudi Arabia continue to be the best customers, with France, Iraq and the U.K. of secondary importance.

Canadian Trade with Lebanon

Official Canadian statistics show the following trade between Canada and Lebanon:

	Syria and Lebanon		Lebanon
	1950	1951	First 9 mos. 1952
Exports to:	\$1,462,395	7,036,445	4,022,955
Imports from:	62,134	16,380,883	10,216,000

(The 1950 and 1951 figures are misleading because the figures for Syria are included.)

Wheat and flour form the bulk of the exports. In 1951, for instance, value of these two commodities was nearly \$5 million and from January to September 1952, \$2·88 million. Other items of importance were:

Milk powder	\$500 thousand
Cars and trucks	190 thousand
Aluminum	120 thousand
Brake linings and asbestos products	85 thousand
Tires	45 thousand

A significant proportion of the exports of wheat, flour and dried milk represented purchases by the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), which has its head office in Beirut. The agency undertakes to provide food, medical and other needs for more than 800 thousand refugees from Palestine who are maintained in large camps in Jordan, Syria, Gaza and Lebanon. The agency imports food supplies direct but medical supplies (including vitamin oils) are supplied by UNICEF, whose headquarters are in New York.

Canadian imports from Lebanon rose dramatically from 1950 to 1951 because of crude petroleum shipped from the port of Tripoli, the terminal of the pipeline from Kirkuk, Iraq.

Opportunities for Exporters

The Lebanese market offers opportunities to Canadian exporters of the following: wheat flour and wheat; motor cars; lumber and plywood; pharmaceuticals; paper and paper manufactures; tires and tubes; radios and household electrical appliances; cheese; fertilizers; wire and cable; paints and varnishes; canned meat; dried milk; canned fruit including baby food; canned fish; rubber footwear; used clothing. But it must be emphasized that the Lebanon is a difficult market, still open to the world because of the comparative freedom from import licensing and exchange problems. Canadian exporters labour under the disadvantage of a long freight haul, and direct sailings from the East Coast are infrequent and undependable. On the other hand, the market is an attractive one where price, quality and service, and not import licences, are the factors making for success. There is encouraging evidence of genuine interest in and appreciation of Canadian goods.

—G. F. G. HUGHES

Canadian Government Trade Commissioner

Macau

HONG KONG—No survey of Southeast Asia would be complete without reference to Macau (Portuguese South China), located 40 miles west of Hong Kong. Established about 1557, Macau is undoubtedly the oldest foreign colony in the Far East. Surprisingly small, it covers only eleven square miles which include a peninsula, jutting southward from the Chinese island of Chung-Shan in the delta of the Canton and West Rivers, and two tiny nearby islands called Taipa and Coloane. The great majority of Macau's 375 thousand people (98 per cent Chinese) live on the peninsula, which is entirely built up.

Free Port

Macau is a free port except for excise duties imposed on a limited group of items to raise revenue. Its harbour, however, is poor—merely the estuary of the West River—and cannot take vessels of more than 17 feet draught. Nevertheless, it is quite suitable for the myriads of junks which ply from far within the China hinterland and from Hong Kong. They bring to Macau essential fresh foods and all manner of China produce; from Macau they sail home with merchandise from overseas.

In its diminutive size and its great age lie the clues to a proper understanding of the Colony. To exist at all, Macau has had to be resourceful, and as a result has become a self-governing expatriate trading community constantly adapting itself to its changing environment. The Colony

depends upon peaceful relations with China for its livelihood and, accordingly, its liaison with the Chinese Government is much closer than that of Hong Kong.

Entrepôt Trade

Macau's actual importance is quite out of proportion to its physical dimensions and lies primarily in its entrepôt trade with China and its flourishing free gold market, which supplies bullion to Southeast Asia. In comparison, the market represented by the Colony's day-to-day needs, or the output of local industries—fish products, firecrackers, joss sticks, matches, Chinese wines, packing tea—are much less important. The legal gambling facilities which attract hundreds of thousands each year from South China and Hong Kong play an important part.

No Exchange Problems

Entrepôt trade, according to Macau's statistics which are published much in arrears, averaged 250 million patacas in 1946-48. (The pataca is the Macau unit of currency; one pataca is the equivalent of one Hong Kong dollar or 17 cents Canadian.) No official figures are available for more recent years. Macau's trans-shipment potential is substantial and operates under a system of import and export licensing, as well as transit control on cargoes. Incidentally, Macau has no foreign exchange problems because it has access to Hong Kong's open money market.

Free Gold Market

Macau's free gold market has operated for years. Chartered planes regularly fly in from Saigon or other points bringing gold bars to the gold syndicate which has bought the import monopoly from the Macau authorities. From Macau the gold goes out all over Southeast Asia. No precise figures are available on the actual traffic in gold, but official statistics for 1946-48 suggest an average annual import value for bullion of 165 million patacas.

During the same period, 1946-48, the Colony's trade showed a deficit. Invisible earnings from the gold monopoly, income from the gambling monopoly, etc., undoubtedly produced a surplus on overall balance of payments.

Plans for the Future

Macau has big plans for its future as a trading centre. A proper deep-sea harbour, with all the usual facilities, is planned for the seaward side of Coloane Island. A new first-class airport is to be constructed on land reclaimed from the shallows between Taipa and Coloane. The scheme will take ten years.

In the meantime, trade prospects for Canadian business are confined to the possible supply of gold, materials for the Colony's small industries (e.g., phosphorus for the match factories) and daily necessities (probably indirectly via Hong Kong).

—T. R. G. FLETCHER

Canadian Government Trade Commissioner

The Philippines

The Export Slump and Its Effects

The fall in prices for leading exports, such as copra and hemp, has depressed trade, cut dollar earnings, brought import and exchange controls.

MANILA—Business in the Philippines during the past year has been in the grip of a recession that began in the latter part of 1951. It seemed to stem from a decline in world prices and markets for this country's principal exports, particularly copra and hemp. Export trade slumped badly, foreign exchange receipts declined, the money supply contracted. Credit became tight and further import controls were imposed.

In the last half of 1952, two new developments adversely affected business. The implementation of the 50 per cent reserve clause of the Import Control Law is creating hardships for importers and the enforcement of the Minimum Wage Law is seriously injuring the gold mining and lumbering industries.

The recession, however, is not general. Other sectors of the economy have shown improvement over a year ago. The output of foodstuffs and certain goods for domestic consumption has increased over 1951. Rice production, though above that of 1951, still does not cover domestic requirements. The output of sugar, lumber and base metals has been noteworthy. Investments in manufacturing enterprises have gained considerably over the previous year. The Mutual Security Aid program has contributed substantially to the economy.

Money and Banking

The money supply has declined steadily since May 1951 and reached a low of 1,128.5 million pesos* in August of this year. This contraction has been attributed to the decrease in import credits and to a budget surplus.

The international reserves of the Philippines have continued to follow the downward trend that started in July 1951. In the first week of November 1952, they totalled \$303.3 million. Reserves of the Central Bank were placed at \$243.8 million.

Foreign Exchange Position

The Central Bank of the Philippines estimates for the first nine months of this year place foreign exchange receipts at \$342.6 million and disbursements at \$341.6 million. This is an improvement over the position in December 1951, when total disbursements exceeded receipts by \$49.7 million, but it does not take into account about \$6 million owing on the import of petroleum and products.

* One peso=50 cents Canadian.

The favourable balance is attributed to increased U.S. Government expenditures in the Philippines and to the Central Bank's policy of reducing the amount of dollar exchange available for controlled imports. The allocation of dollars in the first half of this year amounted to \$190 million, as compared with \$221·5 million for the same period of 1951. For the second half of 1952, the allocation was cut to \$160 million. The amount of foreign exchange for the first half of 1953 is not yet known.

Import Controls

With a reduction in the foreign exchange allocation, the Import Control Commission had to establish new allocations for controlled essential and non-essential imports. These regulations have worked a severe hardship on many importers. In addition, the implementation of the 50 per cent reserve clause of the Import Control Law, effective September 1, 1952, has increased the problems of local importers. Under this law, 50 per cent of the imports have to be held for Filipino merchants.

Foreign Trade

Philippine foreign trade for the first half of 1952 reversed the trend of a year ago and recorded an adverse balance of 80·4 million pesos, against a favourable balance of 77·3 million pesos for the first half of 1951.

Total imports for the first six months of this year were valued at 473 million pesos as compared with 409 million pesos a year ago. Exports totalled 392·6 million pesos, as against 487·2 million pesos in the first half of 1951. More than 73 per cent of the imports came from the United States. Some 68 per cent of exports went to the U.S., which thus occupies a dominant position in Philippine foreign trade.



(Above) A Filipino in Mindanao strips abaca, to be used to make manila rope. Abaca is one of the Philippines' main exports and foreign exchange earners and means much to the economy of the islands.

Canada ranked fourth as a supplier to the Philippines. Shipments for the six-month period totalled 15·5 million pesos, slightly under the 15·7 million pesos for the same period of 1951. Flour continues to be the principal product bought from Canada, followed by newsprint, fertilizers, malt, copper wire, and soda and sodium compounds. Philippine exports to Canada, at 3·8 million pesos, were more than 50 per cent below the 7·9 million pesos for the first half of 1951. The decline was attributed chiefly to smaller sales of copra, desiccated coconut and hemp, at lower prices.

Imports into the Philippines increased during the first half of this year, but it is expected that they will drop considerably in the second half because of the smaller allocation of foreign exchange for purchases abroad. With the continued decline in demand and prices for Philippine goods in foreign markets, the outlook for the rest of this year is not bright.

Main Commodities

Coconut Products

Copra production declined by 20·7 per cent—from 1·1 million metric tons in 1951 to ·85 million metric tons in the first half of 1952. The downward trend of copra prices, which started in the last half of 1951 and continued through August 1952, was directly responsible for the decreased production. On the other hand, low prices for coconuts encouraged the production of coconut oil, which rose 9 per cent during the present year. Copra shipped abroad in the first eight months of 1952 totalled 394,031 long tons as against 484,206 tons in the same period of 1951.

In the latter part of September, copra prices rose. The local market in Manila followed world markets and copra is now being quoted at 36 to 37 pesos per 100 kilos as compared with 24·50 pesos in January and 22·50 pesos in September 1952. With increased demand for copra, the market will continue strong and should rise.

The desiccated coconut industry has been adversely affected by competition from other countries. Production during the first eight months of this year totalled 51·2 million pounds, as compared with 94·2 million pounds for the whole of 1951. Prices for desiccated coconut have followed the trend of copra prices and have just begun to be more firm.

Manila Hemp

Output and shipments of manila hemp have fallen, because of lower world prices and reduced demand. Balings for the January-August period of 1952 amounted to 611,445 and shipments to 516,469 bales. For the same period of 1951, balings were 715,043 and shipments 778,792 bales.

Sugar

Sugar production for the crop year ending September 30, 1952, reached 1,078,000 short tons—279,505 short tons for domestic consumption and the remainder for export to the United States. The Philippines since the war have not been able to fill their annual sugar export quota of 952 thousand short tons. First estimates for the 1952-53 crop year place

production at 1,333,573 short tons, of which 300 thousand tons will be for domestic consumption, 952 thousand tons for export to the United States, and a possible 100 thousand tons for export to other markets.

Mineral Output

Production of minerals for the year ended June 30, 1952, showed a substantial increase over 1950-51. Output of metallic and non-metallic minerals reached a new high of 130.6 million pesos. Base metal output amounted to 53.3 million pesos and gold and silver to 44.2 million pesos.

The Minimum Wage Law, which became effective on August 4, 1952, is working a hardship on the mining industry. Many of the mines, particularly the gold mines, are marginal producers and increased operating costs may force them to close down.

The Central Bank of the Philippines, in an effort to give some relief to the gold mines, has announced that until further notice gold producers will not be required to sell 25 per cent of their gold output to the Central Bank at a fixed price of 70 pesos per fine ounce. This will reduce the increment to the nation's gold reserve by about 7,500 ounces a month.

Lumber

From January-October 1952, lumber shipments increased to 54.6 million board feet from 49.5 million board feet for the same period of 1951. On the other hand, exports of logs and timber declined to 184.2 million feet from 216.8 million feet for the corresponding period of 1951. The Minimum Wage Law is affecting the industry and a large number of small operators are going out of business.

Rice

Production of rice for the 1951-52 crop year was estimated at 2.8 million metric tons, or 7.1 per cent over the previous crop of 2.6 million metric tons. The increase came from a higher yield rather than larger acreage. More land has been planted to rice for the 1952-53 crop year than in previous years and production should be close to three million metric tons, about enough for domestic requirements.

Mutual Security Aid

For the fiscal years 1951 and 1952, Mutual Security Aid to a total of \$47 million has been authorized for the Philippines. For the present fiscal year, the program calls for an allocation of \$30 million. MSA has announced that there will be no allocations for essential commodities other than those required for its own projects.

The economy of the Philippines depends to a very great extent upon world markets for the principal export commodities. Unless there is a substantial increase in both demand and prices for these, there is little likelihood of business picking up in the immediate future. Consequently, the present import control and foreign exchange control regulations cannot be relaxed. Under the protection of import control, further expansion of local industry may be expected. In addition, MSA will continue to assist the development of agricultural, industrial, communication and educational projects initiated during the past year.

—W. D. WALLACE
Vice-Consul of Canada
and Assistant Trade Commissioner

Saudi Arabia



—Standard Oil N.J.

(Above) This derrick man's job is stacking drill pipes in racks during trips in and out of the hole. A native Arabian, he has been employed with an oil company for the past five years.

CAIRO—Saudi Arabia's booming oil industry has brought the country economic prosperity. Petroleum and petroleum products account for 90 per cent of its exports and oil royalties are the chief source of government revenue and foreign exchange.

In 1951 crude oil production totalled over 275 million barrels and brought in approximately \$140 million in royalties and tax payments. Greater production and earnings seem assured for 1952.

Saudi Arabia is an arid land and there is little farming. Almost all food must be imported, and practically all manufactured goods too, because industries are few. What little production there is apart from oil consists of minerals, hides, wool, dates and gold. However, a number of small manufacturing plants have sprung up as a result of the oil development. A building boom has produced some tile factories and lumber milling plants which are turning out finished lumber, windows, sashes, doors and furniture. A leather and tanning plant and a soap factory are operating in Jidda.

Developments

The electrification of Jidda, Riyadh and Mecca, the three principal cities, is progressing. Water systems and other utilities are being expanded in several centres.

The first railway in Saudi Arabia, running from Dammam to Riyadh, a distance of 556 kilometres, was completed in 1951, and the Government's 1952-53 budget provides for an extension to this line. Expansion and development of roads, airports, hotels and port facilities are progressing. Other projects under construction or included in the Government's budget are: army barracks and ammunition factories, hospitals and quarantine buildings, dams and water supply systems, drainage and sewage schemes, and electrical installations.

Imports

Prosperity has brought a greater demand for electrical goods and equipment, transport, construction materials, water pumps, domestic wares, medical products and equipment, confectionery and tobacco. The United States is the major supplier, principally of oilfield equipment, construction equipment, and consumer goods for the oil companies' European staffs. The United Kingdom supplies light machinery, vehicles and parts, and foodstuffs (mostly confectionery).

Canada's exports to Saudi Arabia were valued at \$875 thousand in 1950, at \$1,414,000 in 1951, and at \$1,476,900 in the first nine months of 1952. The principal items included wheat flour, tires and tubes, plywood, automobiles, trucks and parts, milk products, copper wire, soda and sodium compounds. Canadian imports of crude petroleum from Saudi Arabia were valued at over \$28 million in 1950 and \$22.6 million in 1951.

Sudan

CAIRO—The economy of the Sudan is based on agriculture and its exports consist largely of primary and semi-processed agricultural and animal products, such as cotton, cottonseed, gum, hides and skins, and peanuts. The country raises most of its own food, with the exception of sugar, coffee and tea. Although 1952 has seen substantial exports of cotton, the trade deficit stood at £E9 million at the end of the first six months of 1952.

The high floods during the rainy season increased the cotton acreage during 1951-52 from 519 thousand to 550 thousand feddans. (One feddan is approximately one acre.) At the same time, the heavy rains helped to expand the cultivation of maize in certain areas.

The United Kingdom, India, Italy, Egypt and the Netherlands are the Sudan's chief suppliers. Canada's share of this modest market has been small—only \$75 thousand in 1950 and \$34 thousand in 1951.

—W. H. HOPPER

Office of the Canadian Government Trade Commissioner

Syria in 1952

With good wheat and cotton crops boosting exports, Syria appears prosperous; is undertaking irrigation and other projects.

BEURUT—Good 1952 crops of cotton and wheat should help Syria overcome the 1951 setback. Last year the wheat harvested was only half of the 900 thousand-ton crop in 1950 and the cotton crop too suffered badly from insect infestation.

A rich agricultural country, Syria has great land resources, largely untapped, but has so far not accepted offers of U.S. assistance under the Point Four program. However, the Government has asked the International Bank for Reconstruction and Development for assistance in drainage and irrigation projects, highway improvement, and the development of the port of Latakia. A Bank representative visited the country in May and the Bank is said to be studying the Government's proposals. Meanwhile, the Ministry of Public Works is continuing its investigations and has already put in hand a number of smaller irrigation projects.

Non-Syrian Merchants Barred

Decree law No. 151, passed on March 3, in effect prohibits any but Syrian nationals from importing into Syria. The decree was made effective on September 12 for normal commercial societies and will affect institutions like banks and insurance companies at a date not yet announced. This drastic measure was designed to eliminate profits formerly going to Beirut merchants who handled most of the import and export trade for both Lebanon and Syria. It is forcing Beirut importers who operate branch offices in Damascus and Aleppo to re-organize their businesses completely. Canadian firms exporting to Syria would be well advised to investigate whether their present representation is adequate to handle their business in Syria, rather than rely on single representation in Beirut for the serving of both areas.

Indicative of the protectionist trend is decree law No. 481, passed in November, which prohibits the import of beer, wines and all spirits. Although Canadian sales of these commodities to Syria are not large, future imports will be limited to diplomatic missions unless an amendment is introduced allowing in whisky and other liquors which do not compete directly with Syrian products.

Under government sponsorship, the cargo tonnage figures for the port of Latakia show encouraging increases. Exports through the port amounted to 43,825 tons in July 1952 and to 80,000 tons in August 1952, against 7,687 tons and 20,000 tons for the same months of 1951. It is estimated that the total for 1952 will reach 450 thousand tons as compared with 250 thousand last year. The Latakia Port Company, charged with responsibility for the improvement of the port, has been studying tenders for the construction of a deep-water harbour, submitted by several Euro-

pean companies. It is understood that the contract has been awarded to the Yugoslav firm Bomorisko Kradvano Bodosige. The project, to be completed in four years, will cost \$11 million.

Cotton, the most important export, has shown a steady production increase over the past few years.

Cotton Production

1947	4,784	"	
1948	5,444	"	
1949	25,296	"	
1950	35,495	"	
1951	45,000	"	(est.)
1952	55,000	"	to 70,000 "

Cotton exports for the first nine months of 1952 amounted to 28,548 tons, of which the United Kingdom took 10,832 tons, France 10,811 and Lebanon 2,066 tons. Spain, Italy, Poland and other countries took lesser quantities. Although Syrian cotton exporters enjoyed great prosperity as a result of the high prices in 1950, the 1951 crop, much smaller than expected, yielded a lower profit.

No definite figures on grain production are available but the fact that the Council of Ministers has authorized the export of 200 thousand tons of wheat indicates that the following estimates of 1952 production are reasonably accurate:

Wheat	900,000 tons
Rye	550,000 "
Corn and sorghum	100,000 "
Others	200,000 "

Imports and Exports

The main imports in 1951 were textiles, with 21 per cent of the total, and machinery, with 17 per cent. Cotton was the principal export (£S190 million) accounting for 69 per cent of the total, followed by livestock (£S29·9 million) and grains (£S28·7 million). Principal supplying countries were the United States, with 18 per cent of total imports; the United Kingdom, 13 per cent; and Lebanon, 11 per cent. Leading customers were Lebanon, (32 per cent of total exports); France (21 per cent); the United States (13 per cent); Iraq, Lebanese Free Zone and the United Kingdom. Leading export to the United States was carpet wool, which in 1950 accounted for nearly £S19 million of the £S23 million total.

Trade with Canada

Before 1952, Canadian statistics did not differentiate between Syria and Lebanon. However, the trend of Canadian exports to Syria can be discovered in trade returns for the first nine months of 1952. Total value of Canadian exports to Syria for that period was \$511,410. Principal items were: copper wire (\$147,538), agricultural machinery (\$95,196), automobiles (\$79,881), tires and tubes (\$67,495), pharmaceuticals (\$24,521) and wheat flour (\$20,077).

Although a rigid system of import licensing is enforced, foreign exchange is not controlled. The importer purchases his exchange requirements on the free market at the current rate of U.S. \$1.00=£S3.60.

Canadian imports from Syria consist largely of tobacco and wool; reached \$65 thousand in value for the first nine months of 1952.

—G. F. G. HUGHES

Canadian Government Trade Commissioner

Taiwan

Refashioning the Island's Economy

MSA authorities and the Chinese Nationalists are co-operating in a long-term, overall plan to make Taiwan self-supporting.

HONG KONG—During 1951 and for the first nine months of 1952 the economy of Taiwan has recovered remarkably from the depression of 1946-50. More important, the recovery indicates a fundamental improvement.

Superficially, progress is pointed up by the following factors:

- Increased exports founded on bountiful agricultural crops, and the quickening of correlated industrial output.
- Increased imports, which were the Government's quick reaction to improved export earnings.
- Increased control of inflationary tendencies, through the first balancing of a budget (1952) by the Chinese Nationalist Government since 1940.

Basically, however, the recovery is due to the taking effect of the combined United States-Chinese planned program of rehabilitation and re-organization, underwritten by the United States Mutual Security Agency since mid-1950.

Despite this improvement, Taiwan will remain dependent upon the continuation of American aid for two to three years yet. This holds true whether such aid takes the form of further short-term procurement of commodities or sees the fruition of the more important long-term program to rebuild the island's economy.

Without MSA aid, Taiwan would have collapsed economically and perhaps fallen an easy prey to Chinese Communism. It would have been unable to cope with the influx of two million refugees, the support of 500 thousand men in the armed forces, and the expense of a federal government structure—and all in the face of inflation.

Fortunately, the United States Government shouldered much of this load. This freed the Chinese Nationalist authorities to concentrate on other aspects of Taiwan's problems. Together the two administrations seem to be putting Taiwan on its feet and blueprinting its economic future in detail.

Civil Aid Program

MSA aid falls broadly into two divisions—military aid and civil aid. The latter is broken down again into commodity programs, industrial programs, rural aid, and technical assistance. Never for one moment has MSA assumed that Taiwan could be made self-sufficient but the planners

do believe that it can be made self-supporting. Exclusive of emergency assistance, the scheme is to complement Taiwan's agricultural economy with related industry. In many respects the proposals simply improve and expand the exploitation of the island's natural resources undertaken by the Japanese between 1895-1946.

Imports Would Be Cut

At maturity, the plan will eliminate much of Taiwan's present expenditure on imports. By using its own resources, the island will produce many of today's imports at economic cost and in sufficient quantity to satisfy its requirements. Examples are chemical fertilizers, cotton yarn and cheap cotton textiles, caustic soda, pyrites, sulphur, etc. Moreover, by a carefully-gauged development of power utilities and communications networks, and the application of scientific production methods, Taiwan's earnings will be enhanced by substantial exports of rice, sugar, pineapple, etc.

MSA (China Mission) is confident that this goal can be reached in a further two to three years. Achievements to date are encouraging. In some instances capital investment is beginning to return increasing dividends. With one exception, 1951 production goals were attained and showed a marked advance over 1950. Statistics so far in 1952 reveal that this trend continues.

The tremendous amount of planning and government control involved affects everything and everyone in Taiwan. Austerity is the keynote. The island is all but on a wartime footing and luxuries and non-essential imports have been cut out. Each year, in advance, the projected economic activity is carefully scheduled. The program covers the goals to be achieved in the domestic development program; the export trade targets, inclusive of barter agreements; the basic essential minimum imports (divided into what MSA will procure and what Taiwan will obtain with its own assets); the cost of defence and general government administration, etc. These programs are then related to anticipated yield from taxes, the sums to be provided by MSA, Taiwan's own foreign exchange earnings, etc. Then the whole program is blueprinted as a minimum effort.

The island's exchange controls, import and export commodity controls, interested government departments and other agencies, etc., all combine to implement the proposals.

Prospects for Canadian Business

The prospects for Canada's sharing in these developments in Taiwan fall into three classes. Canadian suppliers may participate in the MSA procurements or may share in the separate Taiwan procurements, either by private Taiwanese business or by nominated buying agent. Or Canadian importers may afford a sales outlet for Taiwan's export trade.

As for participation in MSA aid, the United States Mutual Security Act provides that American sources must be given first opportunity to supply needed materials. But it may not be generally known that, by administrative decree, the MSA (China Mission) gives Japanese sources second opportunity in Taiwan. The economy of Taiwan was historically integrated with that of Japan and the long-term development plans are not altering this. Much of the island's present industrial equipment is

Japanese and MSA argues that it is logical and expedient to replace it or re-equip it from the original source. The MSA (China Mission) emphasizes that in the future Japan must be cultivated as the major outlet for Taiwan's exports.

Commodities Traded

Whatever the chances for Canadian business, a brief review of the commodities actually entering into Taiwan's trade will be useful. To assess these, it is necessary to treat both MSA aid procurement and Taiwan's import and export trade, because the two are kept separate in Taiwan statistics.

In 1951 goods arrived valued at \$56.6 million U.S., consisting, in part, of:

MSA Main Imports, 1951

	(millions of dollars)
Chemical fertilizers	12.3
Raw cotton	9.8
Crude and fuel oil	6.9
Wheat flour	4.7
Soybeans	3.4
Railroad supplies and equipment	1.9
Machinery, parts and supplies	1.4
Power supplies and equipment	1.2
Industrial supplies (such as pyrites, tinplate, lumber, hides, sheet and bar steel)	1.1

In the first six months of 1952, when MSA deliveries reached \$58.3 million U.S., the following commodities ranked high:

MSA Imports, January-June, 1952

	(millions of dollars)
Chemical fertilizers	17
Raw cotton	7.4
Soybeans	6
Crude and fuel oil	5.4
Cotton yarn	4
Ores, metals and manufactures	3.7
Wheat and flour	3.7

Taiwan's import and export trade, exclusive of MSA supplies, was as follows:

Taiwan's Balance of Trade (exclusive of MSA)

Calendar year	Value of imports	Value of exports (in U.S. millions of dollars)	Total	Balance
1949	60.1	77.5	137.6	+17.4
1950	91.6	72.4	164.0	-19.2
1951	85.5	98.2	183.7	+12.7
1952 (6 mos.)	58.9	69.3	128.2	+10.4

For proper evaluation, this table should be read bearing in mind that imports via MSA in 1950 were estimated at U.S. \$20 million; in 1951, U.S. \$56.6 million, and in the first half of 1952, U.S. \$58.8 million.

Sugar and rice are key items in Taiwan's export trade. Of the 1951 export total of U.S. \$98.2 million, sugar accounted for \$49.8 million, or

53.5 per cent, and rice for \$15.1 million, or 16.2 per cent—i.e., almost seventy per cent of the total export value. Other important items were: tea, \$6.6 million; bananas, \$4.1 million; salt, \$3.3 million; citronella and other essential oils, \$3 million; feathers, \$1.8 million; metals, \$1.7 million; canned pineapple, \$1.6 million. Together, they totalled \$22.1 million, or 23.9 per cent of total export trade.

Exports for the first half of 1952 revealed much the same character. Of the total export trade value of U.S. \$69.4 million, sugar accounted for \$51.8 million, rice \$3.9 million, bananas \$3.6 million, tea \$2.1 million, salt \$1.7 million, canned pineapple \$1.3 million, citronella, etc., \$1.1 million, and so on. Imports show much greater variety:

Taiwan's Import Trade, 1951

Product	Value (millions of dollars)	Percentage of imports
Ores and metals	9.1	10.8
Raw cotton yarn and piece goods....	8.2	9.7
Pharmaceuticals	7	8.2
Soybeans	6.7	8
Machinery and tools	6.3	7.5
Chemical fertilizers	4.6	5.4
Rubber and its products	3.4	4

These items had a gross value of \$45.3 million, or 53.6 per cent of total imports, which were valued at U.S. \$85.5 million.

Taiwan's Import Trade January-June, 1952 (millions of dollars)

	(millions of dollars) Value
Chemical fertilizers	7.7
Raw cotton, yarns and piece goods.....	5.9
Ores, metals and manufactures	5.3
Soybeans	4.8
Machinery and tools	4.1
Pharmaceuticals	4
Wheat and flour	2.9
Rubber and its products	2.4

Taiwan is a vital part of Southeast Asia and a review of her trading partners make this clear. Outside Asia, only the United States and the United Kingdom have a sizable share of Taiwan's trade.

Taiwan's Trade Partners: 1951 (in millions of U.S. dollars)

	Exports		Imports	
	Value	Per cent	Value	Per cent
Japan	47.5	48.3	42.4	49.6
Hong Kong	14.4	14.6	10.8	12.6
U.S.A.	5.8	5.9	13.5	15.7
United Kingdom	3.2	2.5	3.2	3.8
Other	27.3	28.7	15.6	18.3
	98.2	100.0	85.5	100.0

—T. R. G. FLETCHER
Canadian Government Trade Commissioner

Thailand:

Where Rice Reigns



High prices for rice, demand for wolfram ore have boosted export values; trade with Canada reached all-time high in 1951.

SINGAPORE—Economic conditions in Thailand continue to be stable and prosperous mainly because this country, the world's largest rice exporter, has enjoyed a sellers' market. The economy is based on rice, which contributes about half of foreign exchange earnings. Other commodities such as teak, rubber and tin were affected by the post-Korean boom but values in recent months have fallen with world prices. Higher prices for rice will offset somewhat the decline in earnings from other exports.

In addition to favourable economic conditions, Thailand enjoys relative political stability. The country did not suffer unduly during the war, and the postwar internal disorder which has seriously disrupted Malaya, Burma, Indo-China and Indonesia has passed Thailand by. Relatively speaking, therefore, Thailand is today one of the most prosperous of the Asian nations.

Because the climate is tropical, the 16 million Thais need only a minimum of clothing and shelter. Food (mainly rice and fish) is abundant. Even transportation is not a problem. In the vast rice-growing area of the Chao Phra River, canals serve as both roads and railways. In Bangkok—sometimes called "the Venice of the East"—people literally spend their whole lives on the water, either in boats or in simple houses built on stilts over the canals.

Record Rice Exports

In 1951 a record 1,555,518 metric tons of rice were exported. The 1952 crop was poor by comparison and exports are not expected to exceed 1.3 million metric tons. Rubber exports during 1951, a boom year, were valued at \$74 million. Thailand's rubber industry consists entirely of smallholders and lacks facilities for producing high grades, so there will undoubtedly be a drop in the value and volume of rubber exports during

1950. Exports of teak, valued at \$7.7 million, were slightly higher than in 1950. Wolfram ore production, reflecting the increase in western defence requirements, jumped from \$275 thousand in 1950 to about \$3.9 million in 1951.

Trade with Canada

Trade between Canada and Thailand reached an all-time high during 1951. Canadian exports totalled nearly \$2.4 million, or double those of 1950, and imports increased from \$1.2 million to almost \$2 million. Figuring largest in Canadian exports were aluminum foil, flour, milk powder, antibiotics and automobiles. There has been a decided falling-off in Canadian exports during 1952 and, for the first half of the year, export values were only \$800 thousand—one-third of the total for 1951. This results first from over-importing during 1951 and second, from the desire of merchants to avoid long-term commitments when they can purchase in Hong Kong or Singapore at a small premium.

On the basis of figures for the first half of 1952, Canadian imports from Thailand are running at less than half the rate for 1951. Canada has bought no rice and has imported smaller quantities of shellac, rubber, teak and wolfram.

Conservative Monetary Policy

Thailand has always maintained an orthodox and conservative fiscal policy and there is a minimum of control on foreign exchange. Thailand is not a member of the sterling area, but traditionally it has carried on a large trade with British territories and colonies. In addition, in recent years the country has been able to sell large quantities of rice, rubber, tin and wolfram for dollars.

The state-owned Bank of Thailand fixes the exchange rate between the tical (or baht) and the pound sterling for all legitimate commercial imports, transfers of capital and profits. With minor exceptions (e.g., government purchases and imports from Japan) there is no fixed rate of exchange between the tical and U.S. or Canadian dollars. Consequently, the cross rate between quotations in ticals for the pound sterling and the U.S. dollar gives values that closely approximate those quoted in the free money markets of New York and Hong Kong.

This system favours imports from the sterling area in comparison with those from the dollar area. For instance, 45 ticals of the local currency will purchase a pound sterling and, at the official rate, US\$2.80. However, merchants importing from the dollar area cannot use the official rate and obtain only US\$2.45. The Canadian dollar is not traded in Bangkok but it bears the same relationship to sterling and our goods are at the same disadvantage as those from the United States.

—D. S. ARMSTRONG

Canadian Government Trade Commissioner

Turkey

Deficits Are Hampering Trade

A bumper grain crop is boosting 1952 exports, but the serious trade deficit and decreased U.S. aid are reducing purchases from Canada and other dollar countries.

ATHENS—Outstanding economic event in Turkey in 1952 was the record cereal crop. Agriculture provides a livelihood for almost 75 per cent of the Turkish people and the effects of this excellent harvest will be felt throughout the country. Total cereal production in 1952 is estimated as 12,270,928 metric tons, or about 15 per cent above last year's bumper crop. Turkey now has 1.5 million metric tons of bread grains available for export, with important markets already in sight in Pakistan, Italy, Germany and Yugoslavia.

This huge harvest, however, has brought with it a serious transportation and storage problem. The army has been alerted to assist in the movement of cereals to seaports and the Government has rented 1,000 freight cars from Yugoslavia. A further 1,000 new cars are on order. Delivery of steel silos from the United States under the Mutual Security Agency's program has been speeded up. Most of the carry-over, it is hoped, can be stored under cover during the winter months.

Balance of Payments Deficit

At the end of September Turkey was running an overall deficit on current account of *459.8 million liras as compared with 200.5 million liras for the same period in 1951. The year-end deficit will be reduced because the cereal export season normally begins in September. However, 1952 will probably witness a record deficit in the international balance of payments with all countries.

An annual dollar deficit is, of course, nothing new for Turkey. The unusual feature is the tremendous deficit with the European Payments Union. The principal reason for this is the domestic investment program aimed at increasing agricultural productivity and the output of Turkey's extractive industries. Imports of agricultural machinery, industrial machinery and construction equipment and supplies have all jumped this year, because Turkey is making a determined effort to improve and expand its capital equipment and thus its capacity for earning foreign exchange. The maintenance of a large army aggravates the balance of payments deficit.

* 1 Turkish Lira=US\$2.80.

The seriousness of the balance of payments situation has been reflected in the compensation exchange market (see *Foreign Trade*, July 12, 1952). Hard currencies have become increasingly expensive in terms of Turkish liras and goods imported from dollar countries under compensation arrangements are now extremely high-priced. At the time of writing this article, Canadian dollars on the compensation basis were at a premium of almost one hundred per cent, as compared with very small premiums for the currencies of EPU countries.

Canadian Exporters Face Problems

It is thus becoming more and more difficult for Canadian exporters to sell products not provided for in the limited dollar import program, and no improvement seems possible in the near future. The bumper cereal crop will be marketed almost entirely for soft currencies. Thus the eventual possibility of Turkey improving her dollar position rests primarily on the prospect of European countries achieving currency convertibility.

Trade Figures

Canada's exports to Turkey during the first six months of this year amounted to \$2.1 million, as compared with \$1.8 million for the corresponding period of 1951. The improvement stemmed from increased shipments of agricultural machinery and parts (\$1.5 million) financed from funds allocated in the fall of 1951 under the United States MSA program. Other principal items were passenger automobiles (\$173 thousand) and pulpwood (\$158 thousand). Canadian exports will probably soon decline because of exchange difficulties and decreased American aid.

Canada's principal imports from Turkey are dried fruit, and manganese and chrome ores. Total imports for the first six months of 1952 were \$1.7 million, as compared with \$0.9 million last year.

—A. G. KNIEWASSER

Assistant Commercial Secretary for Canada

RICE PROBLEM STUDIED

Because the shortage of rice, particularly in the East, has become such a problem, the Food and Agriculture Organization is calling a meeting in Bangkok, Thailand, on January 5 to discuss it. Delegates assembled there will examine long-term production policies; economic incentives to increase production; setting up of rice mills near rice-growing areas; more adequate credit facilities; marketing methods, etc. The shortage seems likely to continue for some time, so the meeting will also consider how to step up supplies of other foods to supplement rice.

Of late years, supplies of rice entering the world market have been less than half the prewar total, yet the population of the Far East alone has gone up 120 million. Merely to meet this increase, says FAO, would require an additional 1.3 million tons of rice a year.

Canada's Treaty Relations with . . .

● *The Belgian Congo, Burma, French Equatorial Africa, Indo-China, Indonesia and Turkey*

These countries are participants in the General Agreement on Tariffs and Trade. Under this Agreement, Canada exchanges most-favoured-nation treatment with them in all matters relating to customs duties, import charges and other related customs formalities. Canada has also negotiated tariff concessions with some of these countries. Provision is also made for the elimination of discriminatory exchange and import restrictions. This allows these countries to discriminate against dollar-area goods under certain circumstances, but not to discriminate between countries within the same currency area—for example, Canada and the United States.

Canada also has separate trade agreements in force, which provide for the exchange of most-favoured-nation tariff treatment with all the countries listed above except Burma and Indonesia. Although the General Agreement on Tariffs and Trade in practice supersedes these agreements, they would automatically come into force again if GATT should cease to operate.

● *Egypt*

By an exchange of notes effective December 3, 1952, Canada and Egypt extend most-favoured-nation treatment to each other's goods. This agreement assures Canada of exemption from a penalty surcharge which the Egyptian Customs Law imposes against the goods of countries that do not have a commercial agreement with Egypt.

● *Iran, Iraq, Syria and Lebanon*

Special arrangements are in force whereby Canada extends most-favoured-nation tariff treatment to these countries by Order in Council, provided that they grant similar treatment to Canada. Syria and Lebanon were members of the General Agreement on Tariffs and Trade but withdrew from it effective March 1, 1951. As a result, the above arrangements automatically came into force again.

● *Israel, Jordan and the Philippines*

Canada exchanges most-favoured-nation tariff treatment with these three without formal agreement, based on arrangements in force before

they became independent. The Philippines participated in the Torquay negotiations of the General Agreement on Tariffs and Trade in 1951 but has not yet become a contracting party. United States imports into the Philippines receive preferential treatment.

● *China and Taiwan (Formosa)*

Canada's treaty relations with these countries are governed by an agreement concluded in 1946 with Nationalist China and extended in 1948 to include Taiwan. It provides for the exchange of most-favoured-nation tariff treatment. China was a member of the General Agreement on Tariffs and Trade but withdrew from it in May 1950. As a result, the above treaty again became fully effective. It is not clear whether Canadian goods entering Communist China actually receive most-favoured-nation treatment. However, because of state trading practices prevalent in that country, tariffs have little significance.

● *Ethiopia, Japan, Macau, Saudi Arabia, Sudan and Thailand*

Canada has no trade agreements in force with these countries and imports from them come under the Canadian general tariff. Macau does not levy customs duties and the other countries have one-column tariffs which apply equally to imports from all countries.

—F. P. WEISER

International Trade Relations Branch

FOREIGN EXCHANGE RATES

We regret very much that we have been forced to leave the Foreign Exchange Rates out of this issue because of its unusual size—twice as many pages as we normally publish. Many of our readers consider the Exchange Rates one of "Foreign Trade's" most useful departments, and we want to assure you that they will be back in their usual place next week.

For More Information on

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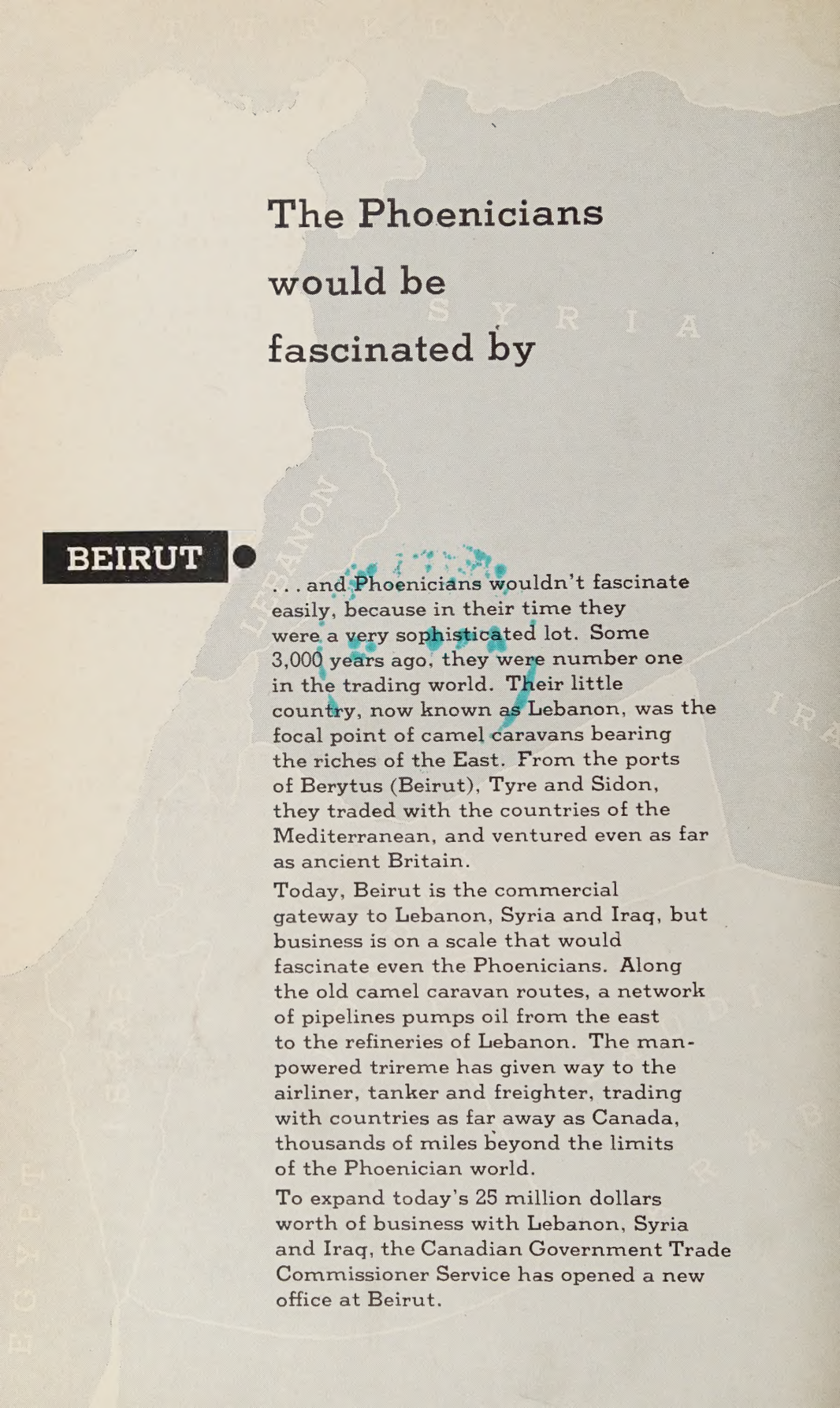
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The Phoenicians would be fascinated by

BEIRUT

... and Phoenicians wouldn't fascinate easily, because in their time they were a very sophisticated lot. Some 3,000 years ago, they were number one in the trading world. Their little country, now known as Lebanon, was the focal point of camel caravans bearing the riches of the East. From the ports of Berytus (Beirut), Tyre and Sidon, they traded with the countries of the Mediterranean, and ventured even as far as ancient Britain.

Today, Beirut is the commercial gateway to Lebanon, Syria and Iraq, but business is on a scale that would fascinate even the Phoenicians. Along the old camel caravan routes, a network of pipelines pumps oil from the east to the refineries of Lebanon. The man-powered trireme has given way to the airliner, tanker and freighter, trading with countries as far away as Canada, thousands of miles beyond the limits of the Phoenician world.

To expand today's 25 million dollars worth of business with Lebanon, Syria and Iraq, the Canadian Government Trade Commissioner Service has opened a new office at Beirut.